



## Public Utilities Commission

Application to Commit  
Energy Efficiency/Peak Demand  
Reduction Programs  
(Mercantile Customers Only)

**Case No.: 11-2021-EL-EEC**

Rule 4901:1-39-05(F), Ohio Administrative Code (O.A.C.), permits a mercantile customer to file, either individually or jointly with an electric utility, an application to commit the customer's existing demand reduction, demand response, and energy efficiency programs for integration with the electric utility's programs. The following application form is to be used by mercantile customers, either individually or jointly with their electric utility, to apply for commitment of such programs implemented during the prior three calendar years.

Completed applications requesting the cash rebate reasonable arrangement option (Option 1) in lieu of an exemption from the rider will be automatically approved on the sixty-first calendar day after filing, unless the Commission, or an attorney examiner, suspends or denies the application prior to that time. Completed applications requesting the exemption from the electric utilities' energy efficiency rider option (Option 2) will not qualify for the 60-day automatic approval.

Complete a separate application for each customer program. Projects undertaken by a customer as a single program at a single location or at various locations within the same service territory should be submitted together as a single program filing, when possible. Check all boxes that are applicable to your program. For each box checked, be sure to complete all subparts of the question, and provide all requested additional information. Submittal of incomplete applications may result in a suspension of the automatic approval process or denial of the application.

If you consider some of the items requested in the application to be confidential or trade secret information, please file a copy of the application under seal, along with a motion for protective order pertaining to the material you believe to be confidential. Please also file a copy of the application in the public docket, with the information you believe to be confidential redacted.

## Section 1: Company Information

Name: Sterling of Ohio DBA

Principal address: 375 Ghent Rd., Fairlawn, OH 44333

Address of facility for which this energy efficiency program applies: Same as above

Name and telephone number for responses to questions: Dana Palmer - (330) 668-5594

Electricity use by our company (at least one must apply to your company – check the box or boxes that apply):

- ☒ We use more than seven hundred thousand kilowatt hours per year at our facility. (Please attach documentation.)
- ☒ We are part of a national account involving multiple facilities in one or more states. (Please attach documentation.)

## Section 2: Application Information

A) We are filing this application (choose which applies):

- ☐ Individually, on our own.
- ☒ Jointly with our electric utility.

B) Our electric utility is Ohio Edison

C) We are offering to commit (choose which applies):

- ☐ Energy savings from our energy efficiency program. (Complete Sections 3, 5, 6, and 7.)
- ☐ Demand reduction from our demand response/demand reduction program. (Complete Sections 4, 5, 6, and 7.)
- ☒ Both the energy savings and the demand reduction from our energy efficiency program. (Complete all sections of the Application.)

### Section 3: Energy Efficiency Programs

A) Our energy efficiency program involves (choose whichever applies):

- ☒ Early replacement of fully functioning equipment with new equipment. (Provide the date on which you replaced your fully functioning equipment, and the date on which you would have replaced your equipment if you had not replaced it early. Please include a brief explanation for how you determined this future replacement date (or, if not known, please explain why this is not known). See Exhibit 1 and Exhibit 2
- ☐ Installation of new equipment to replace equipment that needed to be replaced. We installed our new equipment on the following date(s): See Exhibit 2
- ☐ Installation of new equipment for new construction or facility expansion. We installed our new equipment on the following date(s): See Exhibit 2

B) Energy savings achieved/to be achieved by your energy efficiency program:

- a) If you checked the box indicating that your project involves the early replacement of fully functioning equipment replaced with new equipment, then calculate the annual savings [(kWh used by the original equipment) - (kWh used by new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: 253,319 kWh See Exhibit 2

- b) If you checked the box indicating that you installed new equipment to replace equipment that needed to be replaced, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by the higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_ kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission

**Sterling Phase I VFD Project Docket No. 11-2021**

- c) If you checked the box indicating that your project involves equipment for new construction or facility expansion, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_ kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

**Section 4: Demand Reduction/Demand Response Programs**

- A) Our program involves (choose which applies):

- ☒ Coincident peak-demand savings from our energy efficiency program.
- ☐ Actual peak-demand reduction. (Attach a description and documentation of the peak-demand reduction.) See Exhibit 1
- ☐ Potential peak-demand reduction (choose which applies):

➤ Choose one or more of the following that applies:

- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a tariff of a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission.
- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a program that is equivalent to an RTO program, which has been approved by the Public Utilities Commission of Ohio.

- B) What is the date your peak demand reduction program was initiated? See Exhibit 2
- C) What is the peak demand reduction achieved or capable of being achieved (show calculations through which this was determined):

36 kW See Exhibit 2

**<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission**

**Section 5: Request for Cash Rebate Reasonable  
Arrangement (Option 1) or Exemption from Rider (Option 2)**

Under this section, check the box that applies and fill in all blanks relating to that choice.

Note: If Option 2 is selected, the application will not qualify for the 60-day automatic approval. All applications, however, will be considered on a timely basis by the Commission.

A) We are applying for:

☒ Option 1: A cash rebate reasonable arrangement.

OR

☐ Option 2: An exemption from the cost recovery mechanism implemented by the electric utility.

B) The value of the option that we are seeking is:

Option 1: A cash rebate reasonable arrangement, which is the lesser of (show both amounts):

\$15,199

☒ A cash rebate of \$ See Exhibit 2. (Attach documentation showing the methodology used to determine the cash rebate value and calculations showing how this payment amount was determined)

OR

☐ A cash rebate valued at no more than 50% of the total project cost, which is equal to \$ See Exhibit 2. (Attach documentation and calculations showing how this payment amount was determined).

Option 2: An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider.

☐ An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for See Exhibit 2 months (not to exceed 24 months).

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(Attach calculations showing how this time period was determined).

OR

- ☐ Ongoing exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for an initial period of 24 months because this program is part of an ongoing efficiency program that is practiced by our organization. (Attach documentation that establishes your organization's ongoing efficiency program. In order to continue the exemption beyond the initial 24 month period your organization will need to provide a future application establishing additional energy savings and the continuance of the organization's energy efficiency program).

**Section 6: Cost Effectiveness**

The program is cost effective because it has a benefit/cost ratio greater than 1 using the (choose which applies):

- ☐ Total Resource Cost (TRC) Test. The calculated TRC value is: \_\_\_\_\_  
(Continue to Subsection 1, then skip Subsection 2)
- ☒ Utility Cost Test (UCT) . The calculated UCT value is: See Exhibit 3 (Skip to Subsection 2).

Subsection 1: TRC Test Used (please fill in all blanks).

The TRC value of the program is calculated by dividing the value of our avoided supply costs (capacity and energy) by the sum of our program costs and our electric utility's administrative costs to implement the program.

Our avoided supply costs were \_\_\_\_\_.

Our program costs were \_\_\_\_\_.

The utility's administrative costs were \_\_\_\_\_.

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**Subsection 2: UCT Used (please fill in all blanks).**

We calculated the UCT value of our program by dividing the value of our avoided supply costs (capacity and energy) by the costs to our electric utility (including administrative costs and incentives paid or rider exemption costs) to obtain our commitment.

Our avoided supply costs were See Exhibit 3.

The utility's administrative costs were See Exhibit 3.

The utility's incentive costs/rebate costs were See Exhibit 3.

**Section 7: Additional Information**

Please attach the following supporting documentation to this application:

- Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment.
- A copy of the formal declaration or agreement that commits your program to the electric utility, including:
  - 1) any confidentiality requirements associated with the agreement;
  - 2) a description of any consequences of noncompliance with the terms of the commitment;
  - 3) a description of coordination requirements between you and the electric utility with regard to peak demand reduction;
  - 4) permission by you to the electric utility and Commission staff and consultants to measure and verify energy savings and/or peak-demand reductions resulting from your program; and,
  - 5) a commitment by you to provide an annual report on your energy savings and electric utility peak-demand reductions achieved.
- A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results. Additionally, identify and explain all deviations from any program measurement and verification guidelines that may be published by the Commission.

**Section 3: Energy Efficiency Programs**

A) Our energy efficiency program involves (choose whichever applies):

- ☒ Early replacement of fully functioning equipment with new equipment. (Provide the date on which you replaced your fully functioning equipment, and the date on which you would have replaced your equipment if you had not replaced it early. Please include a brief explanation for how you determined this future replacement date (or, if not known, please explain why this is not known). See Exhibit 1 and Exhibit 2
- ☐ Installation of new equipment to replace equipment that needed to be replaced. We installed our new equipment on the following date(s): See Exhibit 2
- ☐ Installation of new equipment for new construction or facility expansion. We installed our new equipment on the following date(s): See Exhibit 2
- ☐ Behavioral or Operational Improvement See addendum

B) Energy savings achieved/to be achieved by your energy efficiency program:

- a) If you checked the box indicating that your project involves the early replacement of fully functioning equipment replaced with new equipment, then calculate the annual savings [(kWh used by the original equipment) - (kWh used by new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: 146,498 kWh See Exhibit 2

- b) If you checked the box indicating that you installed new equipment to replace equipment that needed to be replaced, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by the higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_ kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission



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- c) If you checked the box indicating that your project involves equipment for new construction or facility expansion, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_ kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

**Section 4: Demand Reduction/Demand Response Programs**

- A) Our program involves (choose which applies):

- ☒ Coincident peak-demand savings from our energy efficiency program.
- ☐ Actual peak-demand reduction. (Attach a description and documentation of the peak-demand reduction.) See Exhibit 1
- ☐ Potential peak-demand reduction (choose which applies):

➤ Choose one or more of the following that applies:

- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a tariff of a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission.
- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a program that is equivalent to an RTO program, which has been approved by the Public Utilities Commission of Ohio.

- B) What is the date your peak demand reduction program was initiated? See Exhibit 2
- C) What is the peak demand reduction achieved or capable of being achieved (show calculations through which this was determined):

25 kW See Exhibit 2

**<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission**

**Section 5: Request for Cash Rebate Reasonable  
Arrangement (Option 1) or Exemption from Rider (Option 2)**

Under this section, check the box that applies and fill in all blanks relating to that choice.

Note: If Option 2 is selected, the application will not qualify for the 60-day automatic approval. All applications, however, will be considered on a timely basis by the Commission.

A) We are applying for:

☒ Option 1: A cash rebate reasonable arrangement.

OR

☐ Option 2: An exemption from the cost recovery mechanism implemented by the electric utility.

B) The value of the option that we are seeking is:

Option 1: A cash rebate reasonable arrangement, which is the lesser of (show both amounts):

☒ A cash rebate of \$ <sup>\$8,790</sup> See Exhibit 2. (Attach documentation showing the methodology used to determine the cash rebate value and calculations showing how this payment amount was determined)

OR

☐ A cash rebate valued at no more than 50% of the total project cost, which is equal to \$ See Exhibit 2. (Attach documentation and calculations showing how this payment amount was determined).

Option 2: An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider.

☐ An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for See Exhibit 2 months (not to exceed 24 months).

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(Attach calculations showing how this time period was determined).

OR

- ☐ Ongoing exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for an initial period of 24 months because this program is part of an ongoing efficiency program that is practiced by our organization. (Attach documentation that establishes your organization's ongoing efficiency program. In order to continue the exemption beyond the initial 24 month period your organization will need to provide a future application establishing additional energy savings and the continuance of the organization's energy efficiency program).

**Section 6: Cost Effectiveness**

The program is cost effective because it has a benefit/cost ratio greater than 1 using the (choose which applies):

- ☐ Total Resource Cost (TRC) Test. The calculated TRC value is: \_\_\_\_\_  
(Continue to Subsection 1, then skip Subsection 2)
- ☒ Utility Cost Test (UCT) . The calculated UCT value is: **See Exhibit 3** (Skip to Subsection 2).

**Subsection 1: TRC Test Used (please fill in all blanks).**

The TRC value of the program is calculated by dividing the value of our avoided supply costs (capacity and energy) by the sum of our program costs and our electric utility's administrative costs to implement the program.

Our avoided supply costs were \_\_\_\_\_.

Our program costs were \_\_\_\_\_.

The utility's administrative costs were \_\_\_\_\_.

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Subsection 2: UCT Used (please fill in all blanks).

We calculated the UCT value of our program by dividing the value of our avoided supply costs (capacity and energy) by the costs to our electric utility (including administrative costs and incentives paid or rider exemption costs) to obtain our commitment.

Our avoided supply costs were See Exhibit 3.

The utility's administrative costs were See Exhibit 3.

The utility's incentive costs/rebate costs were See Exhibit 3.

**Section 7: Additional Information**

Please attach the following supporting documentation to this application:

- Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment.
- A copy of the formal declaration or agreement that commits your program to the electric utility, including:
  - 1) any confidentiality requirements associated with the agreement;
  - 2) a description of any consequences of noncompliance with the terms of the commitment;
  - 3) a description of coordination requirements between you and the electric utility with regard to peak demand reduction;
  - 4) permission by you to the electric utility and Commission staff and consultants to measure and verify energy savings and/or peak-demand reductions resulting from your program; and,
  - 5) a commitment by you to provide an annual report on your energy savings and electric utility peak-demand reductions achieved.
- A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results. Additionally, identify and explain all deviations from any program measurement and verification guidelines that may be published by the Commission.

### Section 3: Energy Efficiency Programs

A) Our energy efficiency program involves (choose whichever applies):

- ☒ Early replacement of fully functioning equipment with new equipment. (Provide the date on which you replaced your fully functioning equipment, and the date on which you would have replaced your equipment if you had not replaced it early. Please include a brief explanation for how you determined this future replacement date (or, if not known, please explain why this is not known). See Exhibit 1 and Exhibit 2
- ☐ Installation of new equipment to replace equipment that needed to be replaced. We installed our new equipment on the following date(s): See Exhibit 2
- ☐ Installation of new equipment for new construction or facility expansion. We installed our new equipment on the following date(s): See Exhibit 2
- ☐ Behavioral or Operational Improvement See addendum

B) Energy savings achieved/to be achieved by your energy efficiency program:

- a) If you checked the box indicating that your project involves the early replacement of fully functioning equipment replaced with new equipment, then calculate the annual savings [(kWh used by the original equipment) - (kWh used by new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: 192,279kWh See Exhibit 2

- b) If you checked the box indicating that you installed new equipment to replace equipment that needed to be replaced, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by the higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

**<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission**

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- c) If you checked the box indicating that your project involves equipment for new construction or facility expansion, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:<sup>1</sup>

Annual savings: \_\_\_\_\_ kWh See Exhibit 2

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. See Exhibit 1

**Section 4: Demand Reduction/Demand Response Programs**

- A) Our program involves (choose which applies):

☒ Coincident peak-demand savings from our energy efficiency program.

☐ Actual peak-demand reduction. (Attach a description and documentation of the peak-demand reduction.) See Exhibit 1

☐ Potential peak-demand reduction (choose which applies):

➤ Choose one or more of the following that applies:

☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a tariff of a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission.

☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a program that is equivalent to an RTO program, which has been approved by the Public Utilities Commission of Ohio.

- B) What is the date your peak demand reduction program was initiated? See Exhibit 2

- C) What is the peak demand reduction achieved or capable of being achieved (show calculations through which this was determined):

30 kW See Exhibit 2

<sup>1</sup>This documentation is confidential and will be filed under seal with the Commission

**Section 5: Request for Cash Rebate Reasonable  
Arrangement (Option 1) or Exemption from Rider (Option 2)**

Under this section, check the box that applies and fill in all blanks relating to that choice.

Note: If Option 2 is selected, the application will not qualify for the 60-day automatic approval. All applications, however, will be considered on a timely basis by the Commission.

A) We are applying for:

☒ Option 1: A cash rebate reasonable arrangement.

OR

☐ Option 2: An exemption from the cost recovery mechanism implemented by the electric utility.

B) The value of the option that we are seeking is:

Option 1: A cash rebate reasonable arrangement, which is the lesser of (show both amounts):

☒ A cash rebate of \$ <sup>\$11,537</sup> See Exhibit 2. (Attach documentation showing the methodology used to determine the cash rebate value and calculations showing how this payment amount was determined)

OR

☐ A cash rebate valued at no more than 50% of the total project cost, which is equal to \$ See Exhibit 2. (Attach documentation and calculations showing how this payment amount was determined).

Option 2: An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider.

☐ An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for See Exhibit 2 months (not to exceed 24 months).

**Sterling Phase III VFD Project Docket No. 11-2021**

(Attach calculations showing how this time period was determined).

OR

- ☐ Ongoing exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for an initial period of 24 months because this program is part of an ongoing efficiency program that is practiced by our organization. (Attach documentation that establishes your organization's ongoing efficiency program. In order to continue the exemption beyond the initial 24 month period your organization will need to provide a future application establishing additional energy savings and the continuance of the organization's energy efficiency program).

**Section 6: Cost Effectiveness**

The program is cost effective because it has a benefit/cost ratio greater than 1 using the (choose which applies):

- ☐ Total Resource Cost (TRC) Test. The calculated TRC value is: \_\_\_\_\_  
(Continue to Subsection 1, then skip Subsection 2)
- ☒ Utility Cost Test (UCT) . The calculated UCT value is: **See Exhibit 3** (Skip to Subsection 2).

**Subsection 1: TRC Test Used (please fill in all blanks).**

The TRC value of the program is calculated by dividing the value of our avoided supply costs (capacity and energy) by the sum of our program costs and our electric utility's administrative costs to implement the program.

Our avoided supply costs were \_\_\_\_\_.

Our program costs were \_\_\_\_\_.

The utility's administrative costs were \_\_\_\_\_.



*Sterling Phase III VFD Project Docket No. 11-2021*

Subsection 2: UCT Used (please fill in all blanks).

We calculated the UCT value of our program by dividing the value of our avoided supply costs (capacity and energy) by the costs to our electric utility (including administrative costs and incentives paid or rider exemption costs) to obtain our commitment.

Our avoided supply costs were See Exhibit 3.

The utility's administrative costs were See Exhibit 3.

The utility's incentive costs/rebate costs were See Exhibit 3.

**Section 7: Additional Information**

Please attach the following supporting documentation to this application:

- Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment.
- A copy of the formal declaration or agreement that commits your program to the electric utility, including:
  - 1) any confidentiality requirements associated with the agreement;
  - 2) a description of any consequences of noncompliance with the terms of the commitment;
  - 3) a description of coordination requirements between you and the electric utility with regard to peak demand reduction;
  - 4) permission by you to the electric utility and Commission staff and consultants to measure and verify energy savings and/or peak-demand reductions resulting from your program; and,
  - 5) a commitment by you to provide an annual report on your energy savings and electric utility peak-demand reductions achieved.
- A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results. Additionally, identify and explain all deviations from any program measurement and verification guidelines that may be published by the Commission.



# Public Utilities Commission

Application to Commit  
Energy Efficiency/Peak Demand  
Reduction Programs  
(Mercantile Customers Only)

Case No.: 11-2021-EL-EEC

State of Ohio :

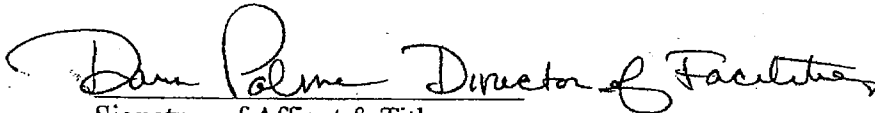
Dana Palmer, Affiant, being duly sworn according to law, deposes and says that:

1. I am the duly authorized representative of:


Sterling of Ohio DBA

[insert customer or EDU company name and any applicable name(s) doing business as]

2. I have personally examined all the information contained in the foregoing application, including any exhibits and attachments. Based upon my examination and inquiry of those persons immediately responsible for obtaining the information contained in the application, I believe that the information is true, accurate and complete.
3. I am aware of fines and penalties which may be imposed under Ohio Revised Code Sections 2921.11, 2921.31, 4903.02, 4903.03, and 4903.99 for submitting false information.

  
Signature of Affiant & Title

Sworn and subscribed before me this 23<sup>rd</sup> day of March, 2011 Month/Year

  
Signature of official administering oath

Print Name and Title

My commission expires on 8/9/2015

Carol A. Seaman  
Resident Summit County  
Notary Public, State of Ohio  
My Commission Expires: 8/9/2015

Revised October 28<sup>th</sup>, 2010

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What date would you have replaced your equipment if you had not replaced it early?  
Also, please explain briefly how you determined this future replacement date.

| Project No. | Project Name                                                                   | Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment:                       | Description of methodologies, protocols and practices used in measuring and verifying project results                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                      |
|-------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1           | Install Variable Frequency Drives on Phase I AHU Supply Fans (5 Total AHU's)   | Retrofit Variable Frequency Drives on Phase I AHU Supply Fans. Variable frequency drives installed to replace inlet guide vanes.                          | Utility Bill Analysis, third part engineering analysis (PMPV Options A and C) Drive savings calculated with manufacturers power ratio for inlet guide vanes and variable frequency drives. Power ratios based on fans operating at an average of 60% of maximum flow. Calculation reference ASHRAE standards for HVAC volume as source to substantiate power ratios of fans and various flow control methods such as inlet guide vanes and variable frequency drives. Savings example from drives provider attached. (Attachment C) | No time frame for replacement of inlet guide vanes/actuator assembly. They were fully functional, but not as efficient as variable frequency drives. |
| 2           | Install Variable Frequency Drives on Phase II AHU Supply Fans (5 Total AHU's)  | Retrofit variable frequency drives on Phase II AHU supply fans. Variable frequency drives installed to replace inlet guide vane static pressure control.  | Utility Bill Analysis, third part engineering analysis (PMPV Options A and C) Drive savings calculated with manufacturers power ratio for inlet guide vanes and variable frequency drives. Power ratios based on fans operating at an average of 60% of maximum flow. Calculation reference ASHRAE standards for HVAC volume as source to substantiate power ratios of fans and various flow control methods such as inlet guide vanes and variable frequency drives. Savings example from drives provider attached. (Attachment C) | No time frame for replacement of inlet guide vanes/actuator assembly. They were fully functional, but not as efficient as variable frequency drives. |
| 3           | Install Variable Frequency Drives on Phase III AHU Supply Fans (6 Total AHU's) | Retrofit variable frequency drives on Phase III AHU supply fans. Variable frequency drives installed to replace inlet guide vane static pressure control. | Utility Bill Analysis, third part engineering analysis (PMPV Options A and C) Drive savings calculated with manufacturers power ratio for inlet guide vanes and variable frequency drives. Power ratios based on fans operating at an average of 60% of maximum flow. Calculation reference ASHRAE standards for HVAC volume as source to substantiate power ratios of fans and various flow control methods such as inlet guide vanes and variable frequency drives. Savings example from drives provider attached. (Attachment C) | No time frame for replacement of inlet guide vanes/actuator assembly. They were fully functional, but not as efficient as variable frequency drives. |
|             |                                                                                |                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|             |                                                                                |                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |

Exhibit 2

Customer Legal Entity Name: Sterling of Ohio DBA  
 Site Address: Sterling Headquarters  
 Principal Address: 375 Ghent Rd.

|         |           |           | Weather Adjusted Usage<br>with Energy Efficiency<br>Addbacks, kwh |                                    |
|---------|-----------|-----------|-------------------------------------------------------------------|------------------------------------|
|         |           |           | Unadjusted<br>Usage, kwh (A)                                      | Weather Adjusted<br>Usage, kwh (B) |
|         |           |           | (c)                                                               |                                    |
|         |           |           | Note 1                                                            |                                    |
| 2010    | 7,397,314 | 7,973,188 |                                                                   |                                    |
| 2009    | 7,982,725 | 7,982,725 |                                                                   |                                    |
| 2008    | 8,385,002 | 8,385,002 |                                                                   |                                    |
| Average | 7,921,680 | 7,921,680 |                                                                   |                                    |
|         |           | 8,113,638 |                                                                   |                                    |

| Project Number | Project Name                                                                   | In-Service Date | Project Cost \$ | 50% of Project Cost \$ | KWh Saved/Year (D) counting towards utility compliance | KWh Saved/Year (E) eligible for incentive | Utility Peak Demand Reduction Contribution, KW (F) | Eligible Rebate Amount \$ Note 2 | Commitment Payment \$ |
|----------------|--------------------------------------------------------------------------------|-----------------|-----------------|------------------------|--------------------------------------------------------|-------------------------------------------|----------------------------------------------------|----------------------------------|-----------------------|
| 1              | Install Variable Frequency Drives on Phase I AHU Supply fans (6 Total AHU's)   | 01/11/2010      | \$32,772        | \$16,386               | 253,319                                                | 253,319                                   | 36                                                 | \$15,199                         |                       |
| 2              | Install Variable Frequency Drives on Phase II AHU Supply fans (5 Total AHU's)  | 01/11/2010      | \$27,310        | \$13,655               | 146,498                                                | 146,498                                   | 25                                                 | \$8,790                          |                       |
| 3              | Install Variable Frequency Drives on Phase III AHU Supply fans (6 Total AHU's) | 01/11/2010      | \$32,772        | \$16,386               | 192,279                                                | 192,279                                   | 30                                                 | \$11,537                         |                       |
| Total          |                                                                                |                 | \$92,854        |                        | 592,096                                                | 592,096                                   | 91                                                 | \$35,526                         | \$0                   |

Notes

- (1) Customer's usage is adjusted to account for the effects of the energy efficiency programs included in this application. When applicable, such adjustments are prorated to the in-service date to account for partial year savings.
- (2) The eligible rebate amount is based upon \$0.06/kWh for all energy savings eligible for a cash rebate as defined in the PUCO order in Case NO. 10-834-EL-EEC dated 9/15/2010, not to exceed the lesser of 50% of the project cost or \$250,000 per project. The rebate also cannot exceed \$500,000 per customer per year, per utility service territory.

### Exhibit 3 Utility Cost Test

UCT = Utility Avoided Costs / Utility Costs

| Project      | Total Annual Savings MWh (A) | Utility Avoided Cost \$/MWh (B) | Utility Avoided Cost \$ (C) | Utility Cost \$ (D) | Cash Rebate \$ (E) | Administrator Variable Fee \$ (F) | Total Utility Cost \$ (G) | UCT (H)    |
|--------------|------------------------------|---------------------------------|-----------------------------|---------------------|--------------------|-----------------------------------|---------------------------|------------|
| 1            | 253                          | \$ 308                          | \$ 78,093                   | \$ 1,182            | \$ 15,199          | \$ 2,533                          | \$ 18,914                 | 4.1        |
| 2            | 146                          | \$                              | \$ 45,162                   | \$ 1,182            | \$ 8,790           | \$ 1,465                          | \$ 11,437                 | 3.95       |
| 3            | 192                          | \$                              | \$ 59,276                   | \$ 1,182            | \$ 11,537          | \$ 1,923                          | \$ 14,642                 | 4.05       |
| <b>Total</b> | <b>592</b>                   | <b>\$ 308</b>                   | <b>182,531</b>              | <b>3,546</b>        | <b>\$35,526</b>    | <b>\$5,921</b>                    | <b>44,993</b>             | <b>4.1</b> |

#### Notes

- (A) From Exhibit 2, = kWh saved / 1000  
 (B) This value represents avoided energy costs (wholesale energy prices) from the Department of Energy, Energy Information Administration's 2009 Annual Energy Outlook (AEO) low oil prices case. The AEO represents a national average energy price, so for a better representation of the energy price that Ohio customers would see, a Cinergy Hub equivalent price was derived by applying a ratio based on three years of historic national average and Cinergy Hub prices. This value is consistent with avoided cost assumptions used in EE&PDR Program Portfolio and Initial Benchmark Report, filed Dec 15, 2009 (See Section 8.1, paragraph a).

- (C) = (A) \* (B)  
 (D) Represents the utility's costs incurred for self-directed mercantile applications for applications filed and applications in progress. Includes incremental costs of legal fees, fixed administrative expenses, etc.  
 (E) This is the amount of the cash rebate paid to the customer for this project.  
 (F) Based on approximate Administrator's variable compensation for purposes of calculating the UCT, actual compensation may be less.  
 (G) = (D) + (E) + (F)  
 (H) = (C) / (G)

Sterling of Ohio DBA ~ Sterling Headquarters  
 Docket No. 11-2021

Site: 375 Ghent Rd.

**Mercantile Customer Project Commitment Agreement**  
**Cash Rebate Option**

**THIS MERCANTILE CUSTOMER PROJECT COMMITMENT AGREEMENT** ("Agreement") is made and entered into by and between Ohio Edison, its successors and assigns (hereinafter called the "Company") and Sterling Jewelers, Taxpayer ID No. 52-0964503 its permitted successors and assigns (hereinafter called the "Customer") (collectively the "Parties" or individually the "Party") and is effective on the date last executed by the Parties as indicated below.

**WITNESSETH**

**WHEREAS**, the Company is an electric distribution utility and electric light company, as both of these terms are defined in R.C. § 4928.01(A); and

**WHEREAS**, Customer believes that it is a mercantile customer, as that term is defined in R.C. § 4928.01(A)(19), doing business within the Company's certified service territory; and

**WHEREAS**, R.C. § 4928.66 (the "Statute") requires the Company to meet certain energy efficiency and peak demand reduction ("EE&PDR") benchmarks; and

**WHEREAS**, when complying with certain EE&PDR benchmarks the Company may include the effects of mercantile customer-sited EE&PDR projects; and

**WHEREAS**, Customer has certain customer-sited demand reduction, demand response, or energy efficiency project(s) as set forth in attached Exhibit A (the "Customer Energy Project(s)") that it desires to commit to the Company for integration into the Company's Energy Efficiency & Peak Demand Reduction Program Portfolio Plan ("Company Plan") that the Company will implement in order to comply with the Statute; and

**WHEREAS**, the Customer, pursuant to the Public Utilities Commission of Ohio's ("Commission") September 15, 2010 Order in Case No. 10-834-EL-EEC, desires to pursue a cash rebate of some of the costs pertaining to its Customer Energy Project(s) ("Cash Rebate").

**WHEREAS**, Customer's decision to commit its Customer Energy Project(s) to the Company for inclusion in the Company Plan has been reasonably encouraged by the possibility of a Cash Rebate.

**WHEREAS**, in consideration of, and upon receipt of, said cash rebate, Customer will commit the Customer Energy Project(s) to the Company and will comply with all other terms and conditions set forth herein.

**NOW THEREFORE**, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. **Customer Energy Projects.** Customer hereby commits to the Company and Company accepts for integration into the Company Plan the Customer Energy Project(s) set forth on attached Exhibit 1. Said commitment shall be for the life of the Customer Energy Project(s). Company will incorporate said project(s) into the Company Plan to the extent that such projects qualify. In so committing, Customer acknowledges that the information provided to the Company about the Customer Energy Project(s) is true and accurate to the best of its knowledge.
  - a. By committing the Customer Energy Project(s) to the Company, Customer acknowledges and agrees that the Company shall control the use of the kWh and/or kW reductions

resulting from said projects for purposes of complying with the Statute. It is expressly agreed that Customer may use any and all energy related and other attributes created from the Customer Energy Project(s) to the extent permitted by state or federal laws or regulations, provided, and to the extent, that such uses by Customer do not conflict with said compliance by the Company.

- b. The Company acknowledges that some of Customer's Energy Projects contemplated in this paragraph may have been performed under certain other federal and/or state programs in which certain parameters are required to be maintained in order to retain preferential financing or other government benefits (individually and collectively, as appropriate, "Benefits"). In the event that the use of any such project by the Company in any way affects such Benefits, and upon written request from the Customer, Company will release said Customer's Energy Project(s) to the extent necessary for Customer to meet the prerequisites for such Benefits. Customer acknowledges that such release (i) may affect Customer's cash rebate discussed in Article 3 below; and (ii) will not affect any of Customer's other requirements or obligations.
  - c. Any future Customer Energy Project(s) committed by Customer shall be subject to a separate application and, upon approval by the Commission, said projects shall become part of this Agreement.
  - d. Customer will provide Company or Company's agent(s) with reasonable assistance in the preparation of the Commission's standard joint application for approval of this Agreement ("Joint Application") that will be filed with the Commission, with such Joint Application being consistent with then current Commission requirements.
  - e. Upon written request and reasonable advance notice, Customer will grant employees or authorized agents of either the Company or the Commission reasonable, pre-arranged access to the Customer Energy Project(s) for purposes of measuring and verifying energy savings and/or peak demand reductions resulting from the Customer Energy Project(s). It is expressly agreed that consultants of either the Company or the Commission are their respective authorized agents.
2. **Joint Application to the Commission.** The Parties will submit the Joint Application using the Commission's standard "Application to Commit Energy Efficiency/Peak Demand Reduction Programs" ("Joint Application") in which they will seek the Commission's approval of (i) this Agreement; (ii) the commitment of the Customer Energy Project(s) for inclusion in the Company Plan; and (iii) the Customer's Cash Rebate.

The Joint Application shall include all information as set forth in the Commission's standard form which, includes without limitation:

- i. A narrative description of the Customer Energy Project(s), including but not limited to, make, model and year of any installed and/or replaced equipment;
  - ii. A copy of this Agreement; and
  - iii. A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results.
3. **Customer Cash Rebate and Annual Report.** Upon Commission approval of the Joint Application, Customer shall provide Company with a W-9 tax form, which shall at a minimum include Customer's tax identification number. Within the greater of 90 days of the Commission's approval of the Joint Application or the completion of the Customer Energy Project, the Company

will issue to the Customer the Cash Rebate in the amount set forth in the Commission's Finding and Order approving the Joint Application.

- a. Customer acknowledges: i) that the Company will cap the Cash Rebate at the lesser of 50% of Customer Energy Project(s) costs or \$250,000; ii) the maximum rebate that the Customer may receive per year is \$500,000 per Taxpayer Identification Number per utility service territory; and iii) if the Customer Energy Project qualifies for a rebate program approved by the Commission and offered by the Company, Customer may still elect to file such project under the Company's mercantile customer self direct program, however the Case Rebate that will be paid shall be discounted by 25%; and
  - b. Customer acknowledges that breaches of this Agreement, include, but are not limited to:
    - i. Customer's failure to comply with the terms and conditions set forth in the Agreement, or its equivalent, within a reasonable period of time after receipt of written notice of such non-compliance;
    - ii. Customer knowingly falsifying any documents provided to the Company or the Commission in connection with this Agreement or the Joint Application.
  - c. In the event of a breach of this Agreement by the Customer, Customer agrees and acknowledges that it will repay to the Company, within 90 days of receipt of written notice of said breach, the full amount of the Cash Rebate paid under this Agreement. This remedy is in addition to any and all other remedies available to the Company by law or equity.
4. **Termination of Agreement.** This Agreement shall automatically terminate:
- a. If the Commission fails to approve the Joint Agreement;
  - b. Upon order of the Commission; or
  - c. At the end of the life of the last Customer Energy Project subject to this Agreement.

Customer shall also have an option to terminate this Agreement should the Commission not approve the Customer's Cash Rebate, provided that Customer provides the Company with written notice of such termination within ten days of either the Commission issuing a final appealable order or the Ohio Supreme Court issuing its opinion should the matter be appealed.

5. **Confidentiality.** Each Party shall hold in confidence and not release or disclose to any person any document or information furnished by the other Party in connection with this Agreement that is designated as confidential and proprietary ("Confidential Information"), unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; or (iii) such document or information was available to the receiving Party on a non-confidential basis at the time of disclosure.
- a. Notwithstanding the above, a Party may disclose to its employees, directors, attorneys, consultants and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, directors, attorneys, consultants and agents have been advised of the confidential nature of this information and through such disclosure are deemed to be bound by the terms set forth herein.



- b. A Party receiving such Confidential Information shall protect it with the same standard of care as its own confidential or proprietary information.
  - c. A Party receiving notice or otherwise concluding that Confidential Information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall endeavor to: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such Confidential Information, including without limitation, the filing of such information under a valid protective order.
  - d. By executing this Agreement, Customer hereby acknowledges and agrees that Company may disclose to the Commission or its Staff any and all Customer information, including Confidential Information, related to a Customer Energy Project, provided that Company uses reasonable efforts to seek confidential treatment of the same.
6. **Taxes.** Customer shall be responsible for all tax consequences (if any) arising from the payment of the Cash Rebate.
7. **Notices.** Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement must be in writing and must be delivered or sent by overnight express mail, courier service, electronic mail or facsimile transmission addressed as follows:

**If to the Company:**

FirstEnergy Service Company  
 76 South Main Street  
 Akron, OH 44308  
 Attn: Victoria Nofziger  
 Telephone: 330-384-4684  
 Fax: 330-761-4281  
 Email: [vmnofziger@firstenergycorp.com](mailto:vmnofziger@firstenergycorp.com)

**If to the Customer:**

STERLING  
375 GHEENT RD.  
FAIRLAWN, OH 44333  
ATTN: DANA PALMER  
PHONE: 330.666.5594  
EMAIL: [dpalmer@jewels.com](mailto:dpalmer@jewels.com)

or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the business day will be deemed received on the next business day; provided that notice by facsimile transmission will be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

8. **Authority to Act.** The Parties represent and warrant that they are represented by counsel in connection with this Agreement, have been fully advised in connection with the execution thereof, have taken all legal and corporate steps necessary to enter into this Agreement, and that the undersigned has the authority to enter into this Agreement, to bind the Parties to all provisions herein and to take the actions required to be performed in fulfillment of the undertakings contained herein.
9. **Non-Waiver.** The delay or failure of either party to assert or enforce in any instance strict performance of any of the terms of this Agreement or to exercise any rights hereunder conferred, shall not be construed as a waiver or relinquishment to any extent of its rights to assert or rely upon such terms or rights at any later time or on any future occasion.
10. **Entire Agreement.** This Agreement, along with related exhibits, and the Company's Rider DSE, or its equivalent, as amended from time to time by the Commission, contains the Parties' entire understanding with respect to the matters addressed herein and there are no verbal or collateral representations, undertakings, or agreements not expressly set forth herein. No change in, addition to, or waiver of the terms of this Agreement shall be binding upon any of the Parties unless the same is set forth in writing and signed by an authorized representative of each of the Parties. In

the event of any conflict between Rider DSE or its equivalent and this document, the latter shall prevail.

11. **Assignment.** Customer may not assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the Company, which consent will not be unreasonably withheld. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.
12. **Severability.** If any portion of this Agreement is held invalid, the Parties agree that such invalidity shall not affect the validity of the remaining portions of this Agreement, and the Parties further agree to substitute for the invalid portion a valid provision that most closely approximates the economic effect and intent of the invalid provision.
13. **Governing Law.** This Agreement shall be governed by the laws and regulations of the State of Ohio, without regard to its conflict of law provisions.
14. **Execution and Counterparts.** This Agreement may be executed in multiple counterparts, which taken together shall constitute an original without the necessity of all parties signing the same page or the same documents, and may be executed by signatures to electronically or telephonically transmitted counterparts in lieu of original printed or photocopied documents. Signatures transmitted by facsimile shall be considered original signatures.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year set forth below.

Dana PALMER  
(Customer)  
By: [Signature]  
Title: Director of Facilities  
Date: 3/15/11

Ohio Edison Company  
(Company)  
By: [Signature]  
Title: Vice President Energy Efficiency  
Date: 4-26-11

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**5/9/2011 10:35:19 AM**

**in**

**Case No(s). 11-2021-EL-EEC**

Summary: Application of Ohio Edison Company and Sterling of Ohio to Commit Energy Efficiency/Peak Demand Reduction Programs electronically filed by Mr. Kevin P. Shannon on behalf of Ohio Edison Company