

**Staff Review and Recommendations for**

**Case No. 10-1942-EL-EEC**

**Joint Application for  
A Special Arrangement between  
The Cleveland Electric Illuminating Company  
and  
Ashtabula Rubber Company  
A Special Arrangement with a Mercantile Customer**

**Summary of Filing**

On December 29, 2010, The Cleveland Electric Illuminating Company (Company) and Ashtabula Rubber Company (Customer) submitted a Joint Application for Commission approval of a special arrangement for a mercantile exemption of the Company's rider DSE2 (energy efficiency/peak demand reduction rider). The applicants jointly request authority from the Commission to exempt the Customer from paying the charges set forth in the DSE2 Rider, to become effective during the Customer's first billing cycle after the issuance of the Commission's Opinion and Order approving the project for inclusion in the Company's energy efficiency and demand reduction (EEDR) compliance plan. Section 4928.66 of the Revised Code requires certain energy efficiency and demand reduction benchmarks with which the electric distribution utilities (EDUs) must comply. This statute also allows an EDU to include certain mercantile Customer-sited energy efficiency and peak demand reduction programs (Energy Projects) to be included in their compliance measures.

Specifically, the applicants request that the Commission:

- (a) Approve the Agreement;
- (b) Approve the Energy Projects as qualifying for inclusion in the Company's EEDR compliance plan;
- (c) Authorize the Company to exempt Customer from paying the charges included in the Company's Rider DSE2, effective for the Customer's first billing cycle after the date on which the Commission issues its Opinion and Order in this matter approving the Energy Projects for inclusion in the Company's EEDR compliance plan and Continuing for as long as Customer meets the requirements set forth in Rider DSE2; and,
- (d) Any other relief that the Commission deems appropriate.

## **Staff's Review**

Pursuant to section (G) of Ohio Adm. Code 4901:1-39-05, 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 this application and further supporting documentation provided by The Cleveland Electric Illuminating Company that describes one energy efficiency project, including calculations of the energy savings. The Customer uses more than 700,000 kWh annually and/or otherwise meets the requirements to be classified as a mercantile Customer. The Customer has submitted documentation providing 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 Mercantile Customer Project Commitment Agreement, the Customer committed the Energy Projects for the life of the project. In committing this Energy Project, the Customer provided:

- Annual Energy Baseline Consumption data;
- An accounting of incremental energy saved;
- A description of projects implemented and measures taken;
- A description of methodologies, protocols and practices used to measure and verify the energy savings;
- An accounting of expenditures to demonstrate the cost effectiveness of the project; and,
- Supporting documents to verify the timeline and in service dates of the project

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 concludes that the exemption period is accurately calculated. In reviewing this application, Staff also verified the Company's avoided cost exceeds the cost that the Company spent to acquire the mercantile Customer's self-directed energy efficiency project.

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.

The Customer has implemented the Energy Project. The Energy Project involved the compressed air and cooling reductions. Further, the Energy Project was implemented in April 2007.

### **Staff Recommendation**

Based upon its review, the Staff believes that the Energy Project meets the requirements for inclusion in the Company's EEDR 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 mercantile exemption from the DSE2 Rider as requested. With the energy savings achieved, Ashtabula Rubber Company will be exempt from the DSE2 Rider through May 31, 2025.

Consequently, Staff recommends any portion of the DSE2 Rider assessed to the Customer during the recommended exemption period be refunded to the Customer.

Prepared by: R. Wolfe  
Date: 20-December-2011

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Summary: Staff Review and Recommendation electronically filed by Mr. Robert Wolfe on behalf of PUCO Staff