

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Cleveland Electric Illuminating Company)
for Integration of Mercantile Customer) Case No. 10-1942-EL-EEC
Energy Efficiency or Peak-Demand)
Reduction Programs with Ashtabula)
Rubber Company.)

FINDING AND ORDER

The Commission finds:

- (1) 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 is part of a national account involving multiple facilities in one or more states. Section 4928.66, Revised Code, imposes certain energy efficiency and peak demand reduction requirements upon Ohio's electric distribution utilities, but also enables mercantile customers to commit their energy efficiency, peak demand reduction, and demand response (EEDR) programs for integration with an electric utility's programs in order to meet the statutory requirements. Section 4928.66, Revised Code, establishes a three-year period for the measurement of EEDR programs.
- (2) The Cleveland Electric Illuminating Company (CEI or utility) 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 EEDR requirements imposed by Section 4928.66, Revised Code, from its customers through its Rider DSE2 (EEDR rider).
- (3) Rule 4901:1-39-05(G), Ohio Administrative Code (O.A.C.), permits a mercantile customer to file, either individually or jointly with an electric utility, an energy efficiency commitment (EEC) application to commit the customer's EEDR programs for integration with the electric utility's programs, pursuant to Section 4928.66, Revised Code, in order to meet the utility's statutory requirements.
- (4) On December 29, 2010, CEI and the Ashtabula Rubber Company (customer) filed this EEC application pursuant to Rule 4901:1-39-05(G), O.A.C., seeking an exemption from the utility's EEDR rider

for a project involving compressed air and cooling reductions implemented in April 2007. The application was supplemented by an affidavit of a customer representative on December 30, 2010.

- (5) On September 15, 2010, the Commission issued an entry in Case No. 10-834-EL-POR establishing a pilot program (10-834 Pilot Program) to accelerate the review and approval process for applications filed by mercantile customers under Rule 4901:1-39-05(G), O.A.C. The 10-834 Pilot Program expedites the processing of EEC applications through the use of a standard template and a 60-day automatic approval process under which the application is deemed approved, unless suspended or denied by order of the Commission or attorney examiner. By entry issued May 25, 2011, the Commission expanded the 10-834 Pilot Program to include applications requesting an exemption from the utility's EEDR rider for a period longer than 24 months, but held that any such exemption will be subject to adjustments every two years to ensure that the exemption accurately reflects the EEDR savings. Further, the Commission determined that, henceforth, mercantile customers will have one calendar year to sign a commitment agreement with the electric utility for EEDR projects implemented within the past three calendar years in accordance with the three-year measurement period under Section 4928.66, Revised Code. The electric utility will then have until March 31 of the following year to file a complete application with the Commission. *Pilot Program*, Case No. 10-834-EL-POR, May 25, 2011 Entry, at 5-6.
- (6) On December 20, 2011, the Commission's Staff filed its recommendation for approval of the application and granting the customer an exemption from the DSE2 Rider through May 2025. Staff also recommends that any portion of the DSE2 Rider assessed to the customer during the recommended exemption period be refunded to the customer. Staff has reviewed the application and all supporting documentation, verified that the customer meets the definition of a mercantile customer, and provided documentation that the methodology used to calculate energy savings conforms to the general principals of the International Performance Measurement Verification Protocol used by the utility. The customer has attested to the validity of the information, and its intention to participate in the utility's program. 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. No objection to Staff's recommendation was filed by OEC.

- (7) Upon review of the applications and supporting documentation, and Staff's recommendations, the Commission finds that the requirements related to this application have been met. The Commission also finds that the request for mercantile commitment pursuant to Rule 4901:1-39-05, O.A.C., does not appear to be unjust or unreasonable. Thus, a hearing on this matter is unnecessary. Accordingly, we find that this application is hereby approved, and the utility should refund to the customer any assessed charges under the utility's EEDR rider during the exemption period approved by this order. As a result of such approval, we find that the utility 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 that although these projects are approved, they are subject to evaluation, measurement, and verification in the portfolio status report proceeding initiated by the filing of the utility's portfolio status report on March 15 of each year, as set forth in Rule 4901:1-39-05(C), O.A.C. Further, every arrangement approved by this Commission remains under our supervision and regulation, and is subject to change, alteration, or modification by the Commission. Finally, as noted above, all EEDR rider exemptions of more than 24 months granted under the 10-834 Pilot Program are subject to review and adjustment every two years to ensure that such exemption accurately reflects the projected EEDR savings.

It is, therefore,

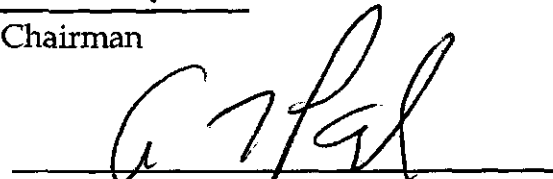
ORDERED, That the application be approved and that the utility refund to the customer any assessed charges under the utility's EEDR rider during the exemption period approved by this order. It is, further,


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

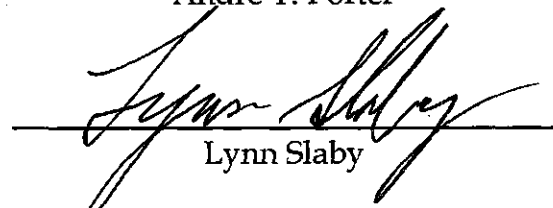
THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Shitchler, Chairman


Steven D. Lesser


Andre T. Porter

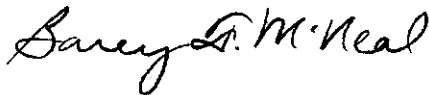

Cheryl L. Roberto


Lynn Slaby

RMB/dah

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Barcy F. McNeal

Barcy F. McNeal
Secretary