Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio

For the period
January 1, 2011 to December 31, 2011

Ohio Edison Company
The Cleveland Electric Illuminating Company
The Toledo Edison Company

Docket No. 12-1533-EL-EEC
Docket No. 12-1534-EL-EEC
Docket No. 12-1535-EL-EEC

May 15, 2012

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1 Introduction

Pursuant to Section 4901:1-39-05, O.A.C. and the Commission's December 14, 2011 Finding and Order in Docket No. 11-4627-EL-WVR, Ohio Edison Company ("Ohio Edison" or "OE"), The Cleveland Electric Illuminating Company ("CEI") and The Toledo Edison Company ("Toledo Edison" or "TE") (collectively, "Companies") submit their Portfolio Status Report ("Report") for the period January 1, 2011 through December 31, 2011 ("Reporting Period"). This Report addresses the Companies' compliance with the energy efficiency ("EE") and peak demand reduction ("PDR") benchmarks set forth in R.C. § 4928.66(A) for the Reporting Period.

1.1 History and Background

On December 15, 2009, the Companies filed their respective three year Energy Efficiency and Peak Demand Reduction Plans ("EEPDR Plans") in Case No. 09-1947-EL-POR et al ("Portfolio Case").[1] On October 27, 2009, as allowed by R.C. § 4928.66(A)(2)(b) and Commission Rule 4901:1-39-05(J), Ohio Administrative Code, the Companies, for various reasons, requested an amendment to their 2009 statutory EE benchmarks in Case No. 09-1004-EL-EEC et al ("2009 Amendment Case").[2] Pursuant to the January 7, 2010 Finding and Order issued by the Public Utilities Commission of Ohio ("Commission") in the 2009 Amendment Case, the Companies' 2009 statutory benchmarks for EE were amended to zero, contingent on the Companies meeting revised benchmarks in subsequent years that would be determined as part of the Commission's review of the Companies' EEPDR Plans in the Portfolio Case. No similar contingency was placed on the Companies' 2009 PDR benchmark requirements.

Because the Commission had not issued an Order in the Portfolio Case by the end of 2010, the Companies, on January 11, 2011, submitted an application for an amendment to their respective 2010 EE and PDR benchmarks*, if and only to the extent* one was necessary for the Companies to be in compliance with their yet-to-be-defined revised benchmarks ("2010 Amendment Case").[3] As of March 9, 2011, the Commission had not issued a ruling in the 2010 Amendment Case, but on that date, in a Finding and Order in that case, the Commission extended the deadline for submitting the Companies' 2010 Status Report from March 15, 2011 to May 15, 2011.[4]

On March 23, 2011, the Commission issued its Order in the Portfolio Case ("Portfolio Order"), stating: "Based upon the record in this proceeding, the Commission finds that it is unnecessary to further revise the specific statutory benchmarks for 2010, 2011 and 2012, provided that [the Companies] meet the cumulative energy efficiency savings for the three years implicit in Section 4928.66(A)(1)(a), Revised Code.[[5]]"

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[1] *See generally*, *In re, Application of [the Companies] for Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2010 Through 2012 and Associated Cost Recovery Mechanism*, Case No. 09-1947-EL-POR *et al*, Application and Related Reports (Dec. 15, 2009).

[2] *See In the Matter of the Application of [the Companies] to Amend Their 2009 Energy Efficiency Benchmarks*, Application (Oct. 27, 2009).

[3] *See generally, In re Application of [the Companies] to Amend Their 2010 Energy Efficiency and Peak Demand Reduction Benchmarks,* Case No. 11-126-EL-EEC et al, Application (Jan. 11, 2011).

[4] *Id.*, Finding and Order, p. 2 (Mar. 9, 2011).

[5] Portfolio Case, Finding and Order, p. 6 (Mar. 23, 2011).

As of May 15, 2011, the Commission had not yet addressed the Companies' request for amendments to their various benchmarks in the 2010 Amendment Case. Therefore, on May 16, 2011, they filed a motion for an extension in which to file the 2010 Report until 10 days after the Commission issued a ruling in the 2010 Amendment Case.[6] In a May 19, 2011 Finding and Order, the Commission granted the Companies' motion and ruled on the Companies' Application for Amendments to their 2010 EE and PDR benchmarks.[7] In the Order, the Commission found the request for an amendment of either CEI's or Toledo Edison's 2010 benchmarks to be moot, saying:

> [The Companies] represent that CEI and TE met their statutory energy efficiency benchmarks and that the application for an amendment was only necessary if the Commission amended their statutory 2010 energy efficiency benchmarks. Since those benchmarks were not amended by the Commission, it is unnecessary to grant the application for an amendment of CEI's and TE's energy efficiency benchmarks.[8]

The Commission further concluded that, based on R. C. § 4928.66(A)(2)(b), Ohio Edison's request for amendments to its 2010 EE and PDR benchmarks to actual levels achieved during 2010 should be granted due to regulatory reasons beyond its control, provided that the company meets the cumulative energy savings mandated by statute by 2012.[9]

Additionally, On August 1, 2011, Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Columbus Southern Power Company, Ohio Power Company, The Dayton Power and Light Company, and Duke Energy Ohio, Inc., filed a Joint Application for Waiver,[10] requesting that the Commission extend the filing of the annual portfolio status reports pursuant to O.A.C. 4901:1-39-05(C) from March 15 to May 15 of each year. On December 14, 2011, the Commission granted the application for waiver stating each utility should file its portfolio status report by May 15, 2012[11]. Pursuant to this directive and the requirements set forth in Section 4901:1-39-05 O. A. C., the Companies submit this 2011 Report.

2 2011 Compliance Demonstration

Section 4901:1-39-05(C)(1), O.A.C., requires that a utility demonstrate the achieved energy savings and demand reductions, and the expected demand reductions that the utility's EE&PDR programs were reasonably designed to achieve, relative to the utility's corresponding baselines. In doing so, a utility must provide: (i) an update to the initial benchmark report; (ii) a comparison with the applicable benchmark; and (iii) an affidavit of compliance. Each requirement as applicable to the Companies is presented below.

[6] The Motion was filed on May 16th because May 15th was a Sunday.
[7] 2010 Amendment Case, Case No. 11-126-EL-EEC, et al, Finding and Order, p. 2 (May 19, 2011).
[8] *Id*. at 4-5.
[9] *Id*. at 5.
[10] *See* Case No. 11-4627-EL-WVR (August 1 2011).
[11] *Id*., Finding and Order, p. 2 (December 14, 2011).

2.1 Benchmark Update

The Companies' Initial Benchmark Reports (for the years 2009 through 2012) were submitted for Commission approval as part of their respective EEPDR Plans.[12] The initial benchmarks included in the EEPDR Plans incorporated projected amounts contributed by mercantile customer projects filed for approval by December 1, 2009. Therefore, those benchmarks have been updated, as shown in Exhibits 1 and 2 to reflect only the amounts contributed by the Approved Mercantile Projects. No other adjustments to the initial benchmarks have been made.

2.2 Summary of Portfolio Impacts[13]

Cumulative energy and demand savings in this report reflect *ex ante* or expected savings calculations based on the currently pending draft of the State of Ohio Energy Efficiency Technical Reference Manual ("TRM"), filed with the Commission on August 6, 2010 or the Ohio TRM Joint Objections and Comments filed November 3, 2010[14].

Based on the summary of reported **pro rata** Portfolio impacts from approved and pending projects set forth below in Tables 2-1, 2-2 and 2-3, the Companies each achieved all EE and PDR statutory requirements for 2011, with the exception of OE's cumulative EE benchmark.

OE achieved its incremental EE benchmark and made a significant contribution towards the cumulative goals inherent in the law, consistent with the Commission's directive set forth in its Portfolio Order[15] and the 2010 Amendment Case[16].

Table 2-1: the Companies' pro rata energy and demand Portfolio impacts through the end of the Reporting Period[17]

	Energy Efficiency Benchmarks and Results (MWh)				Peak Demand Benchmarks and Results (MW)			
Utility	Updated 2011 Compliance Benchmark	Savings from Approved Programs	Savings from Projects Pending PUCO Approval	Savings from Approved Programs and Pending Projects	Updated 2011 Compliance Benchmark	Savings from Approved Programs	Savings from Projects Pending PUCO Approval	Savings from Approved Programs and Pending Projects
OE	360,760	258,110	90,267	348,377	123.70	164.21	9.25	173.45
CEI	280,653	412,967	69,028	481,994	99.50	146.80	9.20	156.00
TE	150,634	97,669	121,265	218,935	48.90	139.66	21.38	161.04
TOTAL	**792,047**	**768,746**	**280,560**	**1,049,306**	**272.10**	**450.67**	**39.82**	**490.50**

[12] Each Company's Initial Benchmark Report was included in the Companies' respective EEPDR Plan as Section 1.0, Table 4. See Application, Case Nos. 09-1947-EL-POR et al. The Benchmark Report for CEI as set forth in its Plan was corrected during the evidentiary hearing in that proceeding.

[13] The Companies also track their results on an annualized basis. These results are presented in Appendix A.

[14] *See* Case Number 09-512-GE-UNC.

[15] Portfolio Case, Finding and Order, p. 6 (Mar. 23, 2011).

[16] 2010 Amendment Case, Case No. 11-126-EL-EEC, et al, Finding and Order, p. 2 (May 19, 2011).

[17] *Ex ante* pro rata results from approved 2011 programs; potential results from 2009 through 2011 projects still pending before the Commission. Values include adjustments by appropriate loss factors with the exception of Interruptible Demand Reduction and Transmission and Distribution values.

2.3 Summary of Energy Impacts by Program[18]

A summary of **pro rata** energy impacts by program through the end of the reporting period is presented in the following table:

Table 2-2: The Companies' pro rata energy impacts and participation by program through the end of the reporting period[19]

Approved Programs	Ohio Edison		Cleveland Electric		Toledo Edison		Program Totals	
	Participants / Units	MWh	Participants / Units	MWh	Participants / Units	MWh	Participants / Units	MWh
Residential								
Direct Load Control	3,669	0	3,517	0	1,023	0	8,209	0
Home Energy Analyzer	30,520	10,328	20,234	6,847	8,858	2,712	59,612	19,888
Appliance Turn-In	7,617	3,918	5,045	2,672	1,547	755	14,209	7,344
Energy Efficient Products	4,810	417	4,380	279	2,499	145	11,689	841
Comprehensive Residential Retrofit	103	3	38	2	19	0	160	5
CFL	1,209,158	45,334	1,231,561	48,045	447,222	13,966	2,887,941	107,345
Residential Low-Income								
Community Connections	2,566	2,369	3,076	2,398	1,036	642	6,678	5,410
Small Enterprise								
Equipment (Lighting)	929	16,556	909	18,384	129	1,871	1,967	36,812
New Construction	0	0	0	0	0	0	0	0
Government Lighting	0	0	0	0	0	0	0	0
Mercantile Utility (Large Enterprise)								
Equipment (Lighting)	102	12,747	56	5,697	28	5,951	186	24,394
Motors	1	793	1	1	0	0	2	794
Interruptible Demand Reduction	16	0	2	0	3	0	21	0
Other								
Mercantile Customer	130	155,773	85	325,760	43	68,119	258	549,651
Transmission and Distribution	n/a	9,871	n/a	2,882	n/a	3,509	n/a	16,262
Subtotal Actual Results	**1,259,621**	**258,110**	**1,268,904**	**412,967**	**462,407**	**97,669**	**2,990,932**	**768,746**
Projects Pending PUCO Approval								
Mercantile Customer (a)	65	84,144	45	63,822	26	117,808	136	265,774
Transmission and Distribution	n/a	6,123	n/a	5,206	n/a	3,457	n/a	14,786
Subtotal Potential Results	**65**	**90,267**	**45**	**69,028**	**26**	**121,265**	**136**	**280,560**
Total Portfolio	**1,259,686**	**348,377**	**1,268,949**	**481,994**	**462,433**	**218,935**	**2,991,068**	**1,049,306**

Notes:

(a) Excludes savings associated with AK Steel, LLC application denied by the Commission. *See* Finding and Order, Case No. 09-1231-EL-EEC (May 2, 2012).

[18] The Companies also track their results on an annualized basis. These results are presented in Appendix A.

[19] *Ex ante* pro rata results from approved 2011 programs; potential results from 2009 through 2011 projects still pending before the Commission. Values include adjustments by appropriate loss factors with the exception of Interruptible Demand Reduction and Transmission and Distribution values.

2.4 Summary of Demand Impacts by Program[20]

A summary of **pro rata** demand impacts by program through the end of the reporting period is presented in the following table:

Table 2-3: The Companies' pro rata demand impacts and participation by program through the end of the reporting period[21]

Approved Programs	Ohio Edison		Cleveland Electric		Toledo Edison		Program Totals	
	Participants / Units	MW	Participants / Units	MW	Participants / Units	MW	Participants / Units	MW
Residential								
Direct Load Control	3,669	0.00	3,517	0.00	1,023	0.00	8,209	0.00
Home Energy Analyzer	30,520	1.39	20,234	1.04	8,858	0.41	59,612	2.84
Appliance Turn-In	7,617	0.57	5,045	0.40	1,547	0.08	14,209	1.06
Energy Efficient Products	4,810	0.10	4,380	0.09	2,499	0.06	11,689	0.24
Comprehensive Residential Retrofit	103	0.00	38	0.00	19	0.00	160	0.00
CFL	1,209,158	9.77	1,231,561	10.33	447,222	2.10	2,887,941	22.19
Residential Low-Income								
Community Connections	2,566	0.15	3,076	0.14	1,036	0.04	6,678	0.33
Small Enterprise								
Equipment (Lighting)	929	2.59	909	2.32	129	0.33	1,967	5.24
New Construction	0	0.00	0	0.00	0	0.00	0	0.00
Government Lighting	0	0.00	0	0.00	0	0.00	0	0.00
Mercantile Utility (Large Enterprise)								
Equipment (Lighting)	102	0.71	56	0.40	28	0.18	186	1.29
Motors	1	0.04	1	0.00	0	0.00	2	0.04
Interruptible Demand Reduction	16	127.35	2	96.65	3	121.91	21	345.92
Other								
Mercantile Customer	130	21.53	85	35.45	43	14.55	258	71.53
Transmission and Distribution	n/a	0.00	n/a	0.00	n/a	0.00	n/a	0.00
Subtotal Actual Results	**1,259,621**	**164.21**	**1,268,904**	**146.80**	**462,407**	**139.66**	**2,990,932**	**450.67**
Projects Pending PUCO Approval								
Mercantile Customer (a)	65	9.25	45	9.20	26	21.38	136	39.82
Transmission and Distribution	n/a	0.00	n/a	0.00	n/a	0.00	n/a	0.00
Subtotal Potential Results	**65**	**9.25**	**45**	**9.20**	**26**	**21.38**	**136**	**39.82**
Total Portfolio	**1,259,686**	**173.45**	**1,268,949**	**156.00**	**462,433**	**161.04**	**2,991,068**	**490.50**

Notes:

(a) Excludes savings associated with AK Steel, LLC application denied by the Commission. *See* Finding and Order, Case No. 09-1231-EL-EEC (May 2, 2012).

2.5 Affidavit of Compliance

Attached hereto as Exhibit 3 is an affidavit of Compliance executed by John C. Dargie, Vice President, Energy Efficiency.

[20] The Companies also track their results on an annualized basis. These results are presented in Appendix A.

[21] *Ex ante* pro rata results from approved 2011 programs; potential results from 2009 through 2011 projects still pending before the Commission. Values include adjustments by appropriate loss factors with the exception of Interruptible Demand Reduction and Transmission and Distribution values.

2.6 Banking of Energy Savings

The Companies intend to bank any surplus energy savings and apply such savings toward future energy efficiency benchmarks to the extent permitted by law.

3 Summary of Finances

3.1 Cost Effectiveness Demonstration

A summary of portfolio finances and the Total Resource Cost Test (TRC) demonstrating the cost-effectiveness of a program by comparing the total economic benefits to the total costs is presented in the following table:

Table 3-1: Summary of Portfolio Finances: TRC Test[22]

Program	Ohio Edison		Cleveland Electric		Toledo Edison	
	Total Cumulative Program Spend to Date Including Common Costs	TRC	Total Cumulative Program Spend to Date Including Common Costs	TRC	Total Cumulative Program Spend to Date Including Common Costs	TRC
Residential						
Direct Load Control (a)	$2,861,716	0.00	$1,491,120	0.00	$375,707	0.00
Home Energy Analyzer	$349,080	2.21	$267,327	1.75	$150,112	1.50
Appliance Turn-In	$1,429,455	3.09	$963,436	2.14	$283,892	2.31
Energy Efficient Products	$727,521	0.72	$467,534	0.92	$239,224	0.57
Comprehensive Residential Retrofit (a)	$257,253	0.00	$165,683	0.00	$82,852	0.00
CFL	$6,639,314	5.76	$4,795,272	5.07	$2,154,919	4.76
Efficient New Homes (a)	$259,554	0.00	$169,364	0.00	$45,917	0.00
Residential Low-Income						
Community Connections	$4,610,921	0.33	$5,139,904	0.19	$2,667,406	0.14
Small Enterprise						
Equipment (Lighting)	$6,364,377	1.65	$6,852,605	1.34	$891,660	1.43
Audits and Equipment (a)	$57,571	0.00	$43,105	0.00	$21,374	0.00
New Construction (a)	$59,604	0.00	$37,303	0.00	$21,952	0.00
Government Lighting (a)	$5,677	0.00	$4,522	0.00	$2,551	0.00
Mercantile Utility (Large Enterprise)						
Equipment (Lighting)	$4,032,532	3.67	$2,178,757	1.25	$1,489,711	1.44
Audits and Equipment (a)	$93,399	n/a	$61,650	n/a	$156,544	n/a
Motors	$63,501	19.32	$43,566	3.42	$26,586	0.00
Interruptible Demand Reduction (b)	$6,823,373	n/a	$7,112,980	n/a	$8,177,392	n/a
Other						
Mercantile Customer	$6,114,940	12.19	$3,945,074	13.26	$885,643	25.27
Transmission and Distribution	$7,116	n/a	$5,529	n/a	$3,132	n/a
Total Portfolio	**$40,756,903**	**3.92**	**$33,744,731**	**2.62**	**$17,676,573**	**3.60**

Notes:

(a) Costs associated with these programs consist of start-up, administrative and allocated costs. There are little or no savings attributed to these programs for the reporting period.

(b) Includes credits to customers in accordance with the Economic Load Response Rider (Rider ELR).

[22] TRC tests performed for each program reflect 2011 incremental costs and *ex post* lifetime savings. Results exclude the Interruptible Demand Reduction program approved as a result of Commission findings in Case No. 08-935-EL-SSO and 10-388-EL-SSO. The TRC test for the Mercantile Customer program excludes mercantile customer costs making the number equal to an Utiility Cost Test ("UCT").

3.2 Approved Budget Reallocations

On August 26, 2011, the Companies requested PUCO Staff approval for budget transfers among the OE large Commercial / Industrial (C/I) class. A subsequent request for PUCO Staff approval for budget transfers among the OE small sector was made on November 9, 2011 and the CEI large sector on November 16, 2011, respectively. On November 23, 2011, OE filed for PUCO approval of a budget transfer within the large C/I class[23].

Request for the transfer of Ohio Edison's Energy Efficiency Mercantile Funds of $4,636,000 from the Interruptible Demand Reduction Program to the C/I Equipment Program (Commercial Lighting) was approved by PUCO Staff on August 29, 2011.

Request for the transfer of The Illuminating Company's Energy Efficiency Mercantile Funds of $5,150,000 from the Interruptible Demand Reduction Program to the C/I Equipment Program consisting of (Commercial Lighting, Industrial Motors and C/I Audits & Equipment) was approved by PUCO Staff on November 30, 2011.

Request for the transfer of The Illuminating Company's Energy Efficiency Program of $750,000 from the Small Enterprise Audits & C/I Equipment and C/I New Construction Programs to the C/I Equipment Program consisting of (Commercial Lighting) was approved by PUCO Staff on November 30, 2011.

Request for the transfer of Ohio Edison's Energy Efficiency Small Enterprise Customer Class of $2,000,000 in funds from the Small Enterprise Audits & Equipment and C/I New Construction Programs to the C/I Equipment Program (Commercial Lighting) was approved by PUCO Staff on November 30, 2011.

The table below summarizes the budget reallocations for OE and CEI. (There were no changes to the TE budgets as approved in the Portfolio Case):

Table 3-2: Summary of OE and CEI Approved Budget Reallocations

	As Approved in Filing, PUCO Table 6A		As Modified	
Small Enterprise Customer Class	CEI	OE	CEI	OE
Small Enterprise Audits & Equipment Program	$737,055	$2,183,446	$200,000	$372,232
C/I Equipment Program (Commercial Lighting)	$20,403,211	$19,443,785	$21,153,211	$21,443,785
C/I New Construction Program	$261,723	$263,786	$48,778	$75,000
Mercantile Customer Class	CEI	OE	CEI	OE
Interruptible Demand Reduction	$11,539,779	$9,342,723	$6,389,779	$1,506,723
Mercantile-Self Directed	$834,000	$1,065,000	$834,000	$1,065,000
C/I Audits & Equipment Program	$90,602	$187,170	$590,602	$187,170
C/I Equipment Program (Commercial Lighting)	$7,987,811	$7,627,444	$12,137,811	$15,463,444
C/I Equipment Program (Industrial Motors)	$93,653	$137,725	$593,653	$137,725

[23] *See* Case No. 11-5818-EL-POR

4 Description of 2011 Programs

The programs described below are offered to customers in each of the Companies' respective service territories:

4.1 Direct Load Control

This is a peak demand reduction program, designed to operate during peak hours in the summer of 2012, for residential homeowners who meet the following criteria: (1) The customer must reside in a location that supports two-way communication. (2) The customer must have a working central air conditioner or heat pump, (3) The customer must use at least 1,000 kWh in any summer month (June, July, or August), and (4) The customer must not be in arrears in payments for greater than 60 days.

The thermostat will include a device that will cycle the compressors of central air conditioners using a 33 percent cycling strategy. This will allow the Company to cycle central air conditioning compressor load during summer peak periods. The result of this equipment upgrade will provide the Company with a program result that will have the capability to reduce loads over more hours during the summer. Participating customers can also program the thermostat for their preferred day, night, and seasonal settings in order to achieve electric and gas energy savings throughout the year.

Program Partners and Trade Allies
This program was launched June 17, 2011. The Companies selected Honeywell Utility Solutions to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

4.2 Residential Appliance Turn-In

First launched in late April of 2011, the Appliance Turn-In program is designed to help customers reduce their energy consumption by removing refrigerators, freezers, and room air conditioners (RACs) from their homes and recycling them. The EDCs benefit because the old appliances, which are generally more inefficient, will be permanently removed from the system. The environment also benefits from the recycling process through safe disposal of environmentally harmful material.

The goal of the program is to reduce the number of old, inefficient refrigerators and freezers that customers have moved to their garages or other locations such as basements and patios. Many areas in which spare units are placed are not space conditioned and most refrigerators used in that environment operate under a heavy thermal load during the summer. This is exacerbated by the fact that the units are usually quite old and inefficient. Previous studies by the Environmental Protection Agency (EPA), the Department of Energy (DOE) and other utilities have determined that removing these appliances, and properly recycling them, performs an energy saving service.[24]

[24] EPA information available at http://www.epa.gov/ozone/title6/608/disposal/household.html

The program is configured as a turnkey, stand-alone energy efficiency initiative. The program targets existing multi and single family households, renters and homeowners who have old, inefficient refrigerators, freezers, or RACs. Marketing for the program consists of newspaper/radio/tv ads, bill inserts, and community events. There is an additional marketing channel for low income participants, who may become aware of the program through auditors who are involved in other low income specific energy efficiency programs. To be eligible for the program, units to be recycled must be in working condition at the time of pick-up. The customer receives pick-up and removal service in addition to a $50 rebate per recycled refrigerator or freezer. Customers with an inefficient, working RAC can receive a rebate of up to $25 for recycling the unit.

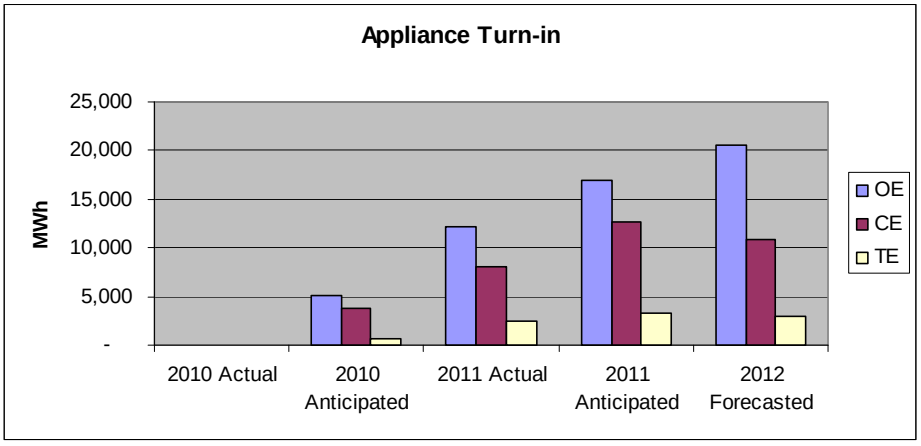
Program Partners and Trade Allies

This program was launched May 2, 2011. The Companies selected JACO to act as the implementation contractor.

Program recommendations

The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-2: Residential Appliance Turn-In Three-Year Trend Analysis[25]



4.3 Residential Energy Efficient Products[26]

The Energy Efficient Products Program provides rebates to customers and financial incentives and support to retailers that sell energy efficient products such as ENERGY STAR® qualified appliances. The rebates are designed to encourage the purchase and installation of energy efficient appliances and products as well as HVAC system maintenance which will help reduce electricity consumption and reduce summer peak load demands. The rebated retail products include:

- ENERGY STAR® Central Air Conditioning

[25] Residential Appliance Turn-In three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

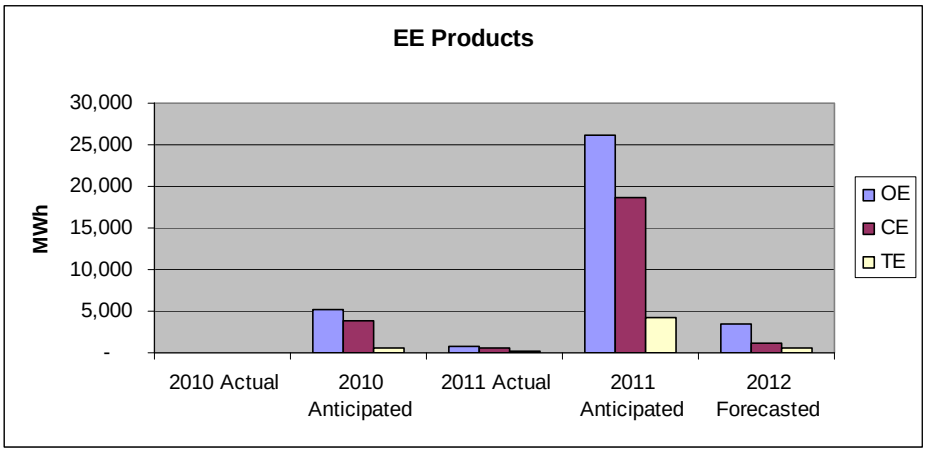
[26] This program is also offered to small commercial and industrial customers.

- ENERGY STAR® Room Air Conditioners
- ENERGY STAR® Air Source and Ground Source Heat Pumps
- ENERGY STAR® Refrigerators
- ENERGY STAR® Dehumidifiers
- Controlled Power Strips (Smart Strips)
- ENERGY STAR® Torchiere Floor Lamps
- ENERGY STAR® Clothes Washers (only for homes with electric water heating)
- Residential HVAC Maintenance/Tune Ups
- Pump and Motor Single Speed

Program Partners and Trade Allies
This program was launched April 27, 2011. The Companies selected Honeywell Utility Solutions to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-3: Residential Energy Efficient Products Three-Year Trend Analysis[27]



4.4 Comprehensive Residential Retrofit

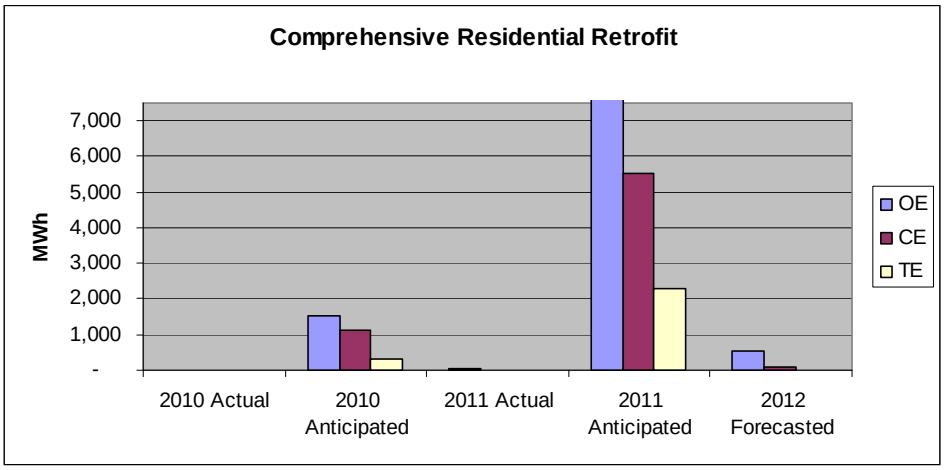
This program offers residential customers a comprehensive home energy audit with air infiltration testing through the use of blower door technology or other diagnostic tools for improving the integrity of the building shell. It also examines appliance efficiency, lighting and HVAC systems. After completing a home energy audit, customers are provided with a list of energy saving projects and measures applicable to their home and the associated energy savings impacts. Customers who implement eligible energy savings measures are entitled to rebates from the Company.

[27] Residential Energy Efficient Products three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

Program Partners and Trade Allies
This program was launched September 23, 2011. The Companies selected Honeywell Utility Solutions to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-4: Comprehensive Residential Retrofit Three-Year Trend Analysis[28]



4.5 Residential Home Energy Analyzer

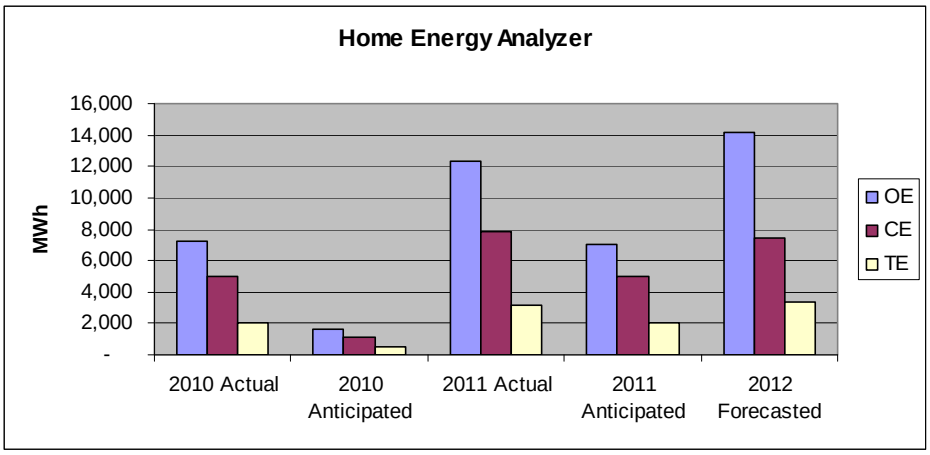
The Online Home Energy Audit tool is a software program that provides customers the ability and education to better understand their usage and reduce their energy costs through actions recommended through the software. The Home Energy Analyzer converts the customers' input of information about their home and billing data into information that the customer can understand and act upon, including such things as the cost of heating and cooling their homes, the reasons their bill may have changed, and specific examples and estimated dollar savings of taking certain actions. Customers that do not have access to the internet can also take the Home Energy Analyzer over the phone with a Customer Service Representative.

Program Partners and Trade Allies
This program was launched December 15, 2009. The Companies selected the Aclara Software Company as the implementation contractor for the tool customers use to complete the online audit.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

[28] Comprehensive Residential Retrofit three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

Table 4-5 Residential Home Energy Analyzer Three-Year Trend Analysis[29]



4.6 Residential CFL Program

The CFL Program offers CEI, Ohio Edison and Toledo Edison customers the ability to choose to participate through a variety of distribution channels, as follows:

- Select retailers offer CFLs at reduced cost ($0.50 each);
- Community organizations distribute CFLs at no cost to EDC customers and provide energy education and outreach;
- Low income customers participating in the Percentage of Income Payment Plan (PIPP) who request CFLs receive them from Ohio Partners for Affordable Energy (OPAE) at no cost in an opt-in approach along with educational materials;
- Direct mail is used to distribute CFLs to a variety of customer segments, including:
    - Contact center high-usage customers - offered six CFLs per household;
    - New utility customers - offered six CFLs as part of their Welcome Pack;
    - General customers - offered an opt-in opportunity to have six CFLs delivered to their home; and
    - Small business customers selected by the Council of Smaller Enterprises - receive a packet of six CFLs.

The Companies work with retailers to develop promotional materials. The CFLs distributed through the program are 23 Watt bulbs that were purchased by The Companies.

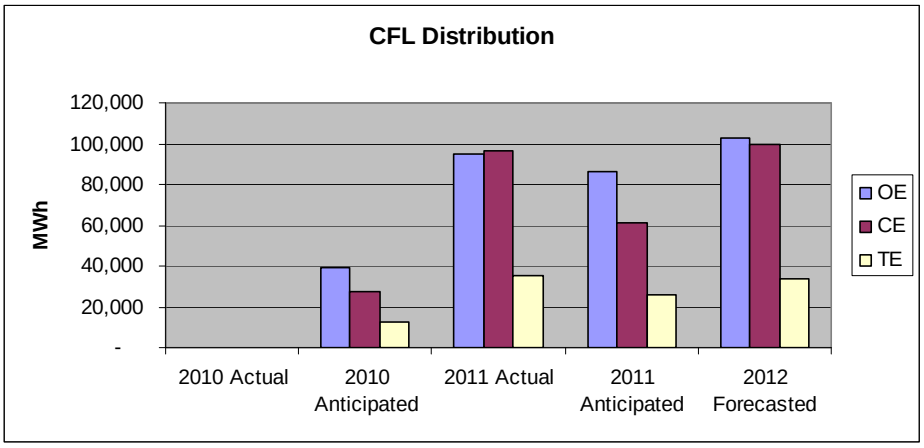
Program Partners and Trade Allies

This program was launched March 23, 2011. The Companies selected PowerDirect to act as the implementation contractor.

[29] Residential Home Energy Analyzer three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-6: Residential CFL Program Three-Year Trend Analysis[30]



4.7 Residential Low-Income Community Connections

The Community Connections Program provides weatherization measures, energy efficient products and services, as well as client education to low income customers that receive electric service from the Companies. The program targets residential customers and landlords of residents eligible for one of the following:

- Ohio Home Weatherization Assistance Program (HWAP);
- Percentage of Income Payment Plan (PIPP); or
- Home Energy Assistance Program (HEAP).

The program is administered by OPAE, which works with local agencies and subcontractors to deliver services. Home weatherization and home energy efficiency improvement services provided by the program may include the direct installation of:

- Energy efficient lighting, including compact fluorescent lamps (CFLs) of different wattages
- Insulation in attics, side walls, foundation walls and band joist
- Water heater blankets
- Pipe wrap insulation
- Energy-saving showerheads
- Energy-saving faucet aerators
- Air sealing (reducing air infiltration through the building envelope)
- Duct sealing

[30] Residential CFL Program three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

The Program may also provide early replacement of older home appliances and HVAC systems with energy efficient products and services, including:

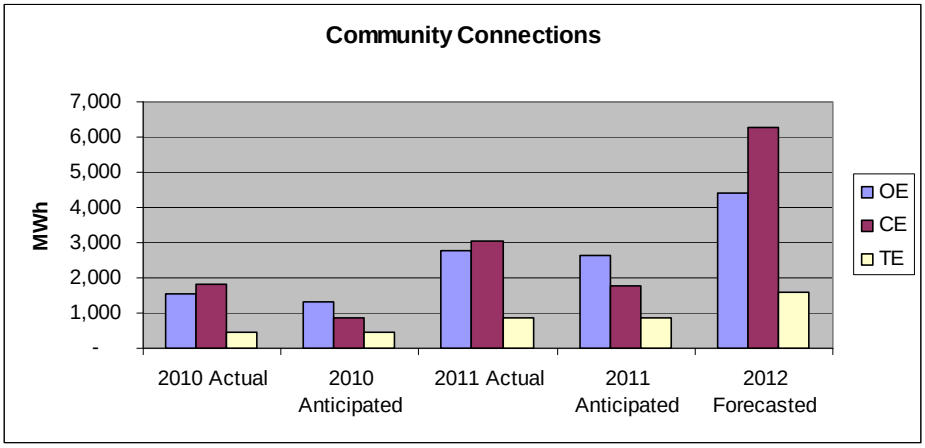
- ENERGY STAR® refrigerators and freezers;
- ENERGY STAR® dehumidifiers;
- Air source heat pumps;
- Central air conditioning units;
- ENERGY STAR® room air conditioning units;
- Smart strips (5-12 outlets); and
- HVAC tune-ups.

Except for services performed for eligible owners of rental properties, any of the energy efficiency services may be combined with health and safety measures, provided that the cost of the health and safety measures does not exceed 30% of the total cost of all eligible measures installed and funded during the 2011-2012 program years, and 15% in subsequent program years. Health and safety measures include roof repairs/replacement, electric wiring repairs and upgrades, and furnace repairs.

Program Partners and Trade Allies
This is an existing program. The Companies selected OPAE to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-7: Residential Low-Income Community Connections Three-Year Trend Analysis [31]



[31] Residential Low-Income Community Connections three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

4.8 Commercial / Industrial Small Equipment (Lighting)

This program offers a range of rebates for technologies applicable to business and other non-residential facilities. To be eligible to participate in the C/I Small Equipment Program, a customer has to be considered "small" as defined by the customer's rate code.

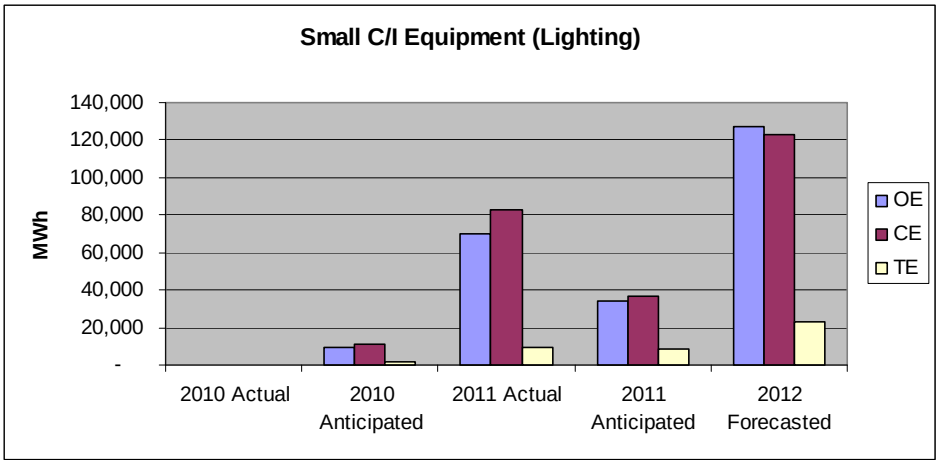
The first iteration of the program is a component of the C/I Efficient Equipment Program. The objective of this program is to quickly launch rebates to address the most common end use of electricity across all building types – lighting. This program provides rebates to customers for the purchase and installation of high-efficiency lighting as an alternative to standard fixtures and bulbs. The savings to be gained is significant, even though the market is transformed toward higher efficiency lighting technologies every few years.

This program is targeted at businesses and other non-residential customers. Retailer, distributor and manufacturer (e.g., "upstream") initiatives may be added in the later years as current technologies are retired from the market and new ones require promotion and encouragement.

Program Partners and Trade Allies
This program was launched April 11, 2011. The Companies selected SAIC to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-8: Commercial / Industrial Small Equipment (Lighting) Three-Year Trend Analysis[32]



[32] Commercial / Industrial Small Equipment (Lighting) three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

4.9 Commercial / Industrial Small New Construction

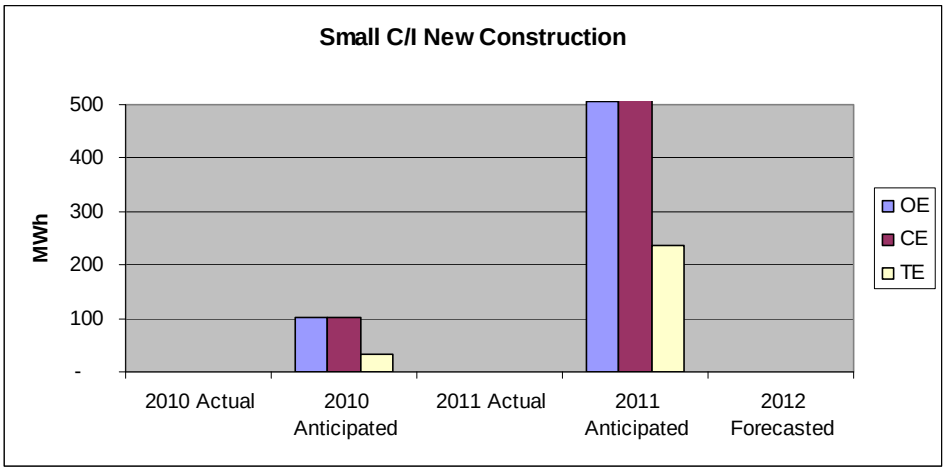
The objective of this program is to increase the energy efficiency of new commercial buildings by taking advantage of the best opportunity for capturing savings – i.e., during the design and build phase. The program provides incentives to building owners and developers for achieving energy efficiency targets through a combination of building shell and equipment upgrades. To qualify for this program, the facility must exceed the standard building code by 15 percent consistent with energy efficiency standards as published by the Department of Energy under the ENERGY STAR® program.

This program was launched July 1, 2011. Due to the late start and long lead times for new construction, as well as the slow down in the economy, there were no savings yet achieved for this program during the Reporting Period. However, many of the owners of these new construction projects already applied for and received rebates under the C/I Equipment (Lighting) program.

Program Partners and Trade Allies
The Companies selected SAIC to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-9: Commercial / Industrial Small New Construction Three-Year Trend Analysis[33]



4.10 Commercial / Industrial Large Equipment (Lighting)

This program offers a range of rebates for technologies applicable to business and other non-residential facilities. To be eligible to participate in the C/I Large Equipment Program, a customer has to be considered “large” as defined by the customer’s rate code.

[33] Commercial / Industrial Small New Construction three-year trend analysis compares anticipated MWh savings as filed in the Companies’ EEPDR Plans to the Companies 2012 forecasted savings.

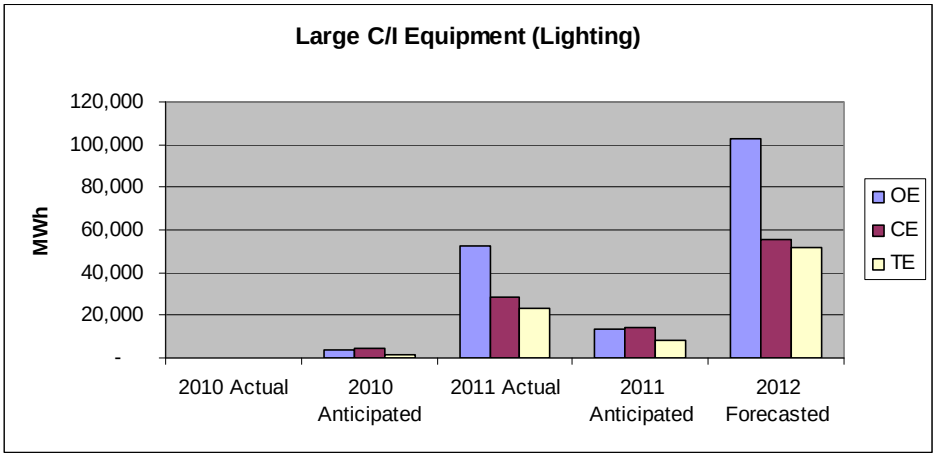
The first iteration of the program is a component of the C/I Efficient Equipment Program. The objective of this program is to quickly launch rebates to address the most common end use of electricity across all building types – lighting. This program provides rebates to customers for the purchase and installation of high efficiency lighting as an alternative to standard fixtures and bulbs. The savings to be gained is significant, even though the market is transformed toward higher efficiency lighting technologies every few years.

This program is targeted at businesses and other non-residential customers. Retailer, distributor and manufacturer (e.g., "upstream") initiatives may be added in the later years as current technologies are retired from the market and new ones require promotion and encouragement.

Program Partners and Trade Allies
This program was launched April 11, 2011. The Companies selected SAIC to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-9: Commercial / Industrial Large Equipment (Lighting) Three-Year Trend Analysis[34]



4.11 Commercial / Industrial Large Equipment (Industrial Motors and Drives)

To be eligible to participate in the Motors and Drives Program, a customer has to be considered "large" as defined by the customer's FirstEnergy rate code.

The Companies offered the Motors and Drives Program in Ohio to encourage commercial and industrial customers to:

[34] Commercial / Industrial Large Equipment (Lighting) three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

- Upgrade their existing motors to NEMA Premium® motors when switching out old motors due to breakdowns and or programmed replacements; and
- Install variable speed drives on motors that do not always operate at the same load.

The Motors and Drives Program is designed for commercial and industrial energy customers whose motors are utilized for high operating hours (i.e., over 2,000 hours) and have a higher variability of loads on the system (e.g., centrifugal pumps and fans) or the application of use includes mechanical throttling (valves, dampers, etc). This is because variable speed drives match the speed of the motor-driven equipment to the process requirement. Applications with low variability of loads such as vibrating conveyors, punch presses, rock crushers, machine tools and other applications where the motor runs at constant speed were not good candidates for a variable-speed drive.

Incentives were available to customers through motor distributors as a rebate per unit replaced on a first come first serve basis and were limited to the Company's motor upgrade budget.
To have been eligible to participate in the Motors and Drives Program, a customer must have met the following criteria:

- Motor(s) must operate a minimum of 2,000 hours annually.
- Projects must be a "one-for-one" replacement of a motor with a new, NEMA Premium® motor. The sizes (hp) of the existing and new motors may vary, but the project must involve replacing a quantity of motors for the same quantity of new motors. For new construction, the "existing" motor should be a code-compliant option that is less efficient than the NEMA Premium® motor that is being installed.
- Project does not involve a change in annual run hours.
- Project includes the installation of a new NEMA Premium® motor of up to 200hp.
- The motor upgrade program's individual incentives per motor start at $25 for a 1HP.
- The variable-speed drive incentive is $35 per horsepower (up to 500hp) of the motor being used.
- Variable Frequency Drives (VFDs) incentives were available only for the installation of a new VFD on applications where no existing speed control existed on applications controlling a maximum of 500 hp.

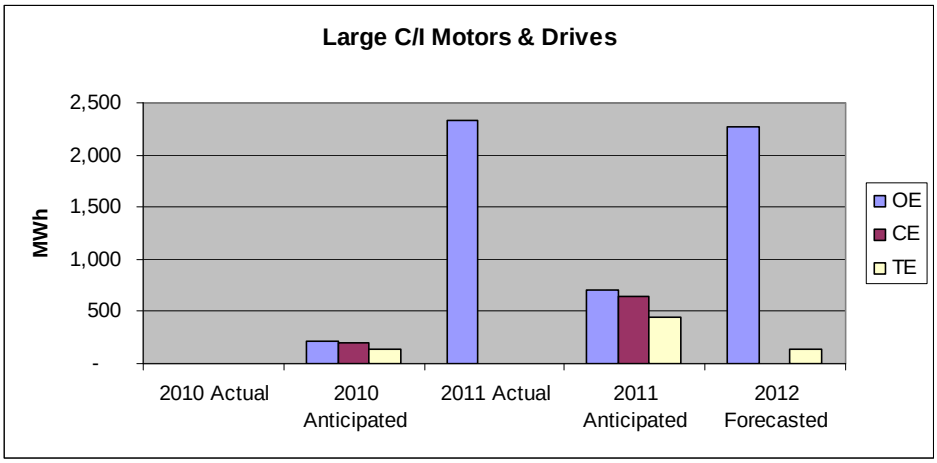
Standard motors and drives measures include equipment for which the program uses "deemed" or "partially deemed" protocols with stipulated algorithms and assumptions to estimate measure gross energy savings and peak load reductions. The measures were evaluated on an implementation-by-implementation basis, using site-specific data and algorithms tailored to the nature of the EEM and its implementation.

Measures were targeted at customers that have purchased motor or drive equipment which will result in energy efficiency and/or peak demand reductions. Incentives for custom measures require a payback between one and seven years.

Program Partners and Trade Allies
This program was launched April 11, 2011. The Companies selected SAIC to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-10: Commercial / Industrial Large Equipment (Industrial Motors and Drives) Three-Year Trend Analysis[35]



4.12 Mercantile Customer

All customers that meet the definition of "mercantile customer", as defined in R.C. § 4928.01 (A) (19) are eligible for this program. Since July 1, 2009, the Companies have been proactively working with customers across their respective service territories to jointly file applications to commit the customer's EE&PDR programs, pursuant to division R.C. § 4928.66(A)(2)(c).

Eligible customers who have achieved EE&PDR savings independent of utility programs or incentives may file joint applications with the Company to the Commission for commitment of these savings to the Company in exchange for an incentive which may be either a request to exempt the customer from paying certain charges included in the Company's Rider DSE2 or a request for a cash rebate.

Customers must demonstrate verification of savings and that these savings are sustainable. The Companies review all documentation and determine that customers have met this requirement to the Companies' satisfaction before filing an application. The Companies will assist customers with compliance with the latest Commission orders pertaining to the measurement and verification of these savings.

Program Partners and Trade Allies
The Companies use Administrators, based on the agreements approved by the Commission in Case No. 09-553-EL-EEC. Administrators are trained periodically on the latest interpretation of Commission orders and rules, process changes, and general updates.

[35] Commercial / Industrial Large Equipment (Industrial Motors and Drives) three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

The list of Administrators includes: Association of Independent Colleges & Universities, COSE, County Commissioners' Association of Ohio (CCAO), E-Group, Industrial Energy Users of Ohio, Ohio Hospitals Association, Ohio Manufacturer's Association, Ohio Schools Council, and Roth Brothers.

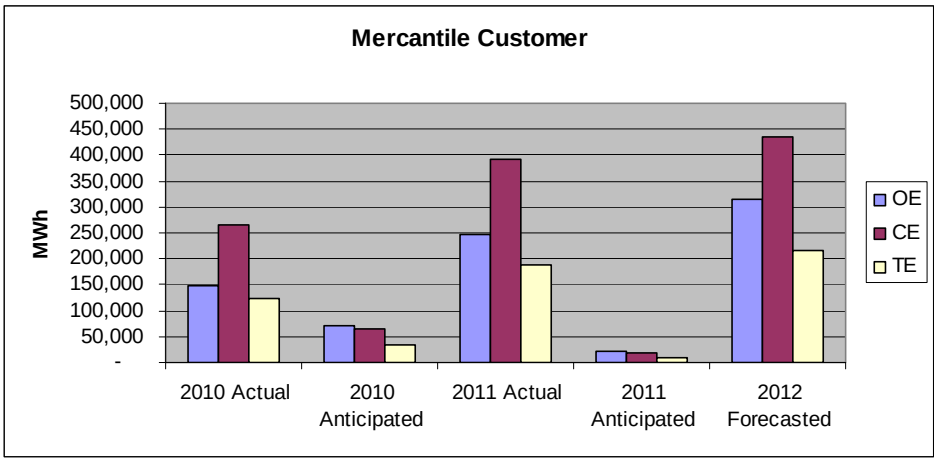
The role of Administrators includes the following:

- Educating customers about the program. This step includes providing customers with background on S.B. 221 EE & PDR requirements for utilities, explaining the two incentive options available
- Identifying customers who appear to qualify as a mercantile customer, who are interested in the program, who have projects that may qualify and who otherwise qualify under the Companies' applicable rate schedules
- Providing estimates of potential EE and PDR savings
- Screening potential customer project(s) to determine if the project(s) appear to qualify under Commission Rules and Company rate schedules
- For those projects that qualify, complete all necessary forms provided by the Company and gather all supporting documentation required by the Company and/or the Commission.

Program recommendations

The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-11: Mercantile Customer Three-Year Trend Analysis[36]



4.13 Government Lighting

This program targets an energy savings opportunity that will help local governments save money. This program provides local governments with rebates for replacing inefficient traffic signals and pedestrian light signals with high efficiency LED equipment.

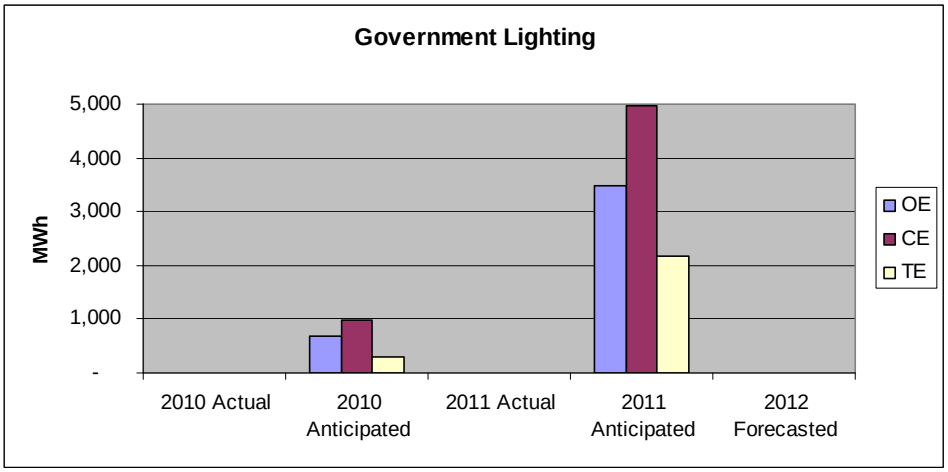
[36] Mercantile Customer three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

This program was launched July 1, 2011. Due to the timing of the launch, as well as the current economic conditions and constrained government budgets, there were no savings achieved for this program during the Reporting Period.

Program Partners and Trade Allies
The Companies selected SAIC to act as the implementation contractor.

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

Table 4-13: Government Lighting Three-Year Trend Analysis[37]



4.14 Transmission and Distribution

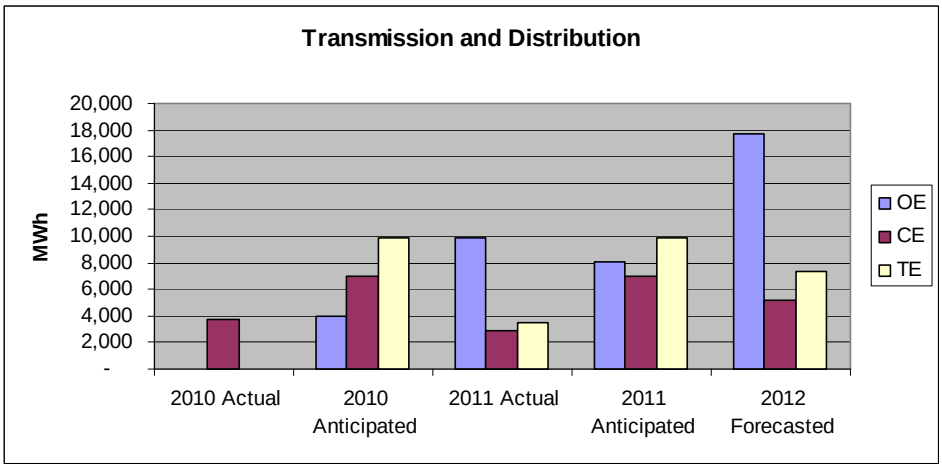
Past and present Transmission and Distribution infrastructure improvement projects will be filed in accordance with Commission rules with savings calculated based on pre-project and post-project electrical system parameters using a load flow analysis tool. Key activities for this program consist of:

- Re-conductoring of lines
- Substation improvements
- Adding capacitor banks
- Replacement of regulators

Program recommendations
The Companies recommend that this program continue as set forth in the Companies' three-year EEPDR Plans.

[37] Government Lighting three-year trend analysis compares anticipated MWh savings as filed in the Companies' EEPDR Plans to the Companies' 2012 forecasted savings.

Table 4-12: Transmission and Distribution Three-Year Trend Analysis[38]



4.15 Interruptible Demand Reduction

Under this program, the Companies contract (through an RFP process) with PJM Curtailment Service Providers (CSPs) or customers participate via interruptible rider provisions in the tariffs. Customers may choose from one of two variations of the program:

Economic Load Response (ELR): Customers participating in the ELR program commit to reduce their load during peak load times under certain conditions. Customers who enroll in the program must cut their demand by at least a specific contract amount in response to the calling of an event. The customer is notified at least 2 hours before an event occurs and the event can only last up to 6 hours. There are up to 10 events on weekdays starting in June and lasting until September. If no event occurs, the Companies are required to conduct a test. All customers must participate if a test is conducted. Penalties occur if a customer exceeds their Firm Load. To be eligible to participate in the ELR program, the customer must be at or above the Companies' primary voltage and the customer has to have received an interruptible tariff or had an interruptible contract as of February 1, 2008.

Optional Load Response (OLR): Customers who enroll in the program have to cut their demand by at least a specific contract amount in response to the calling of an event. The customer is notified at least 2 hours before an event occurs and the event can only last up to 6 hours. If a customer exceeds their Firm Load, the company is not paid an incentive. To be eligible to participate in the OLR program, the customer must be at or above the Companies' primary voltage and the customer must have at least 1 MW of load that can be reduced during an event.

Program recommendations:
The Companies recommend that this program continue, consistent with the ESP Stipulation in Cases No. 08-935-EL-SSO and 10-388-EL-SSO through May 2012.

[38] Transmission and Distribution three-year trend analysis compares cumulative gross MWh savings to anticipated MWh savings as filed in the Companies' EEPDR Plans and the Companies' 2012 forecasted savings.

5 Summary of Evaluation, Measurement and Verification Reports

Pursuant to Rule 4901:1-39-05(C)(2)(b), an electric distribution utility must include an Evaluation, Measurement and Verification ("EM&V") report that documents "the energy savings and peak-demand reduction values and the cost-effectiveness of each energy efficiency and demand-side management program reported in the electric utility's portfolio status report," including (i) "documentation of any process evaluations and expenditures"; (ii) "measured and verified savings"; and (iii) the "cost-effectiveness of each program." The EM&V Report must confirm that the measures were actually installed, the installation meets reasonable quality standards, and the measures are operating correctly and are expected to generate the predicted savings. Although the Technical Reference Manual for Ohio (the "TRM") remains under development,[39] EM&V was generally conducted consistent with the most current draft, except where issues identified by Ohio's electric distribution companies in their joint comments filed in Case No. 09-512-GE-UNC are in dispute.

For details on how EM&V was conducted, see the applicable reports included as Appendices B-I.[40]

6 Conclusion

Each of the Companies achieved all EE and PDR statutory requirements for 2011 with the exception of Ohio Edison, who achieved its incremental 2011 benchmark, but not its cumulative EE benchmark.

OE achieved its incremental EE benchmark and made a significant contribution towards the cumulative goals inherent in the law, consistent with the Commission's directive set forth in its Portfolio Order[41] and the 2010 Amendment Case[42].

The Companies' thank the Commission for the opportunity to provide information on their energy efficiency and peak demand reduction activities during 2011 and are available to address any questions, concerns or other issues arising from any aspect of this Report.

[39] *See, generally*, docket for Case No. 09-512-GE-UNC.
[40] These EM&V reports were prepared consistent with a template provided to the Companies in February, 2011, by the Commission's EM&V consultant.
[41] Portfolio Case, Finding and Order, p. 6 (Mar. 23, 2011).
[42] 2010 Amendment Case, Case No. 11-126-EL-EEC, et al, Finding and Order, p. 2 (May 19, 2011).

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in

Case No(s). 12-1533-EL-EEC

Summary: Annual Report on the status of the Companies Energy Efficiency and Peak Demand Reduction Results for the year ended December 31, 2011 electronically filed by Ms. Kathy J Kolich on behalf of Ohio Edison Company