

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Edison Company and Republic)
Engineered Products, Inc. for Integration) Case No. 09-1212-EL-EEC
of Mercantile Customer Energy Efficiency)
or Peak-Demand Reduction Programs.)

FINDING AND ORDER

The Commission finds:

- (1) Section 4928.66, Revised Code, imposes certain annual energy efficiency and peak demand reduction requirements upon Ohio's electric distribution utilities, beginning in calendar year 2009; but the statute also enables mercantile customers to commit their peak demand reduction, demand response, and energy efficiency programs for integration with an electric utility's programs in order to meet the statutory requirements.
- (2) Section 4928.01(A)(19), Revised Code, defines a mercantile customer as a commercial or industrial customer that consumes more than 700,000 kilowatt hours of electricity per year or that is part of a national account involving multiple facilities in one or more states.
- (3) Ohio Edison Company (OE) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission. OE recovers its costs of complying with the energy efficiency and demand reduction requirements imposed by Section 4928.66, Revised Code, from its customers through its DSE2 Rider.
- (4) Rule 4901:1-39-05(G), Ohio Administrative Code (O.A.C.), provides for the filing of an application by a mercantile customer, either individually or jointly with an electric utility, to commit the customer's demand reduction, demand response, and energy efficiency programs for integration with an electric utility's programs in order to meet the utility's statutory requirements.

- (5) On November 25, 2009, OE and Republic Engineered Products, Inc., (Republic or customer) filed an energy efficiency credit (EEC) application, pursuant to Rule 4901:1-39-05(G), O.A.C., to commit the customer's lighting retrofit program at its Massillon facilities implemented in September 2008 at a cost of \$168,000, and requesting an exemption for the Massillon site from OE's DSE2 Rider through 2023. On March 29, 2010, OE and Republic filed an amendment to the application, seeking to add five additional projects, which included replacement of a motor and air compressor at Republic's Lorain, Ohio site in February 2006 through October 2007 at a cost of \$5,518,129, and requesting an exemption from the DSE2 Rider for the Lorain facilities through December 2010.
- (6) On June 23, 2010, the Commission issued a Finding and Order in Case No. 10-833-EL-EEC, which conditionally approved 241 pending applications, subject to the review, verification, and recommendation of the Commission Staff. While this case was included in the June 23, 2010 order, it was not clear whether such approval extended to the amendment or only the Massillon site project.
- (7) On January 4, 2012, the applicants filed an amendment requesting that the Commission approve a commitment payment for three of the Lorain projects that do not qualify for a DSE2 Rider exemption and a cash rebate in lieu of a rider exemption for the remaining two projects at the Lorain site.
- (8) On January 5, 2012, Staff filed its recommendation that Republic be awarded a commitment payment of \$4,608 for the three Lorain projects that do not qualify for a DSE2 Rider exemption and a cash rebate of \$26,859 for the motor and compressed air system replacements at the Lorain site.
- (9) Staff has reviewed the application, amendment, and all supporting documentation, has verified that the customer meets the definition of a mercantile customer, and has provided documentation that the methodology used to calculate energy savings conforms to the general principals of the International Performance Measurement Verification Protocol used by OE. The customer has attested to the

validity of the information, and its intention to participate in OE's program. The projects either provide for early retirement of fully functioning equipment, or achieve 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.

- (10) Upon review of the application, amendments, supporting documentation, and Staff's recommendations, the Commission finds that the requirements related to this application have been met. The Commission 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. As noted above, the June 23, 2010 Finding and Order in Case No. 10-833-EL-EEC did not expressly approve the application as originally filed or as amended. Accordingly, we will now specify that the original application to commit the customer's lighting retrofit program at its Massillon facilities implemented in September 2008 is hereby granted an exemption for the Massillon site from OE's DSE2 Rider through 2023. In addition, Republic should be awarded a commitment payment of \$4,608 for the three Lorain projects that do not qualify for a DSE2 Rider exemption and a cash rebate of \$26,859 for the motor and compressed air system replacements at the customer's Lorain site. As a result of such approval, we find that OE should adjust its baselines, pursuant to Section 4928.66(A)(2)(c), Revised Code, and Rule 4901:1-39-05, O.A.C. However, 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 OE's portfolio status report on March 15 of each year, as set forth in Rule 4901:1-39-05(C), O.A.C. The Commission also notes that every arrangement approved by this Commission remains under our supervision and regulation and is subject to change, alteration, or modification by the Commission. Finally, consistent with the Commission's EEC Pilot Program established in Case No. 10-834-EL-POR, all rider exemptions of more than 24 months granted are subject to review and adjustment every two years to ensure that such exemption accurately reflects the projected energy efficiency and demand reduction savings.

It is, therefore,

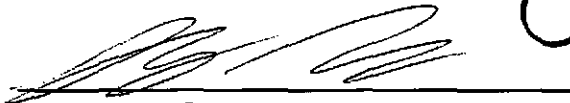
ORDERED, That the application be approved as set forth above, and that this case be closed. It is, further,

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

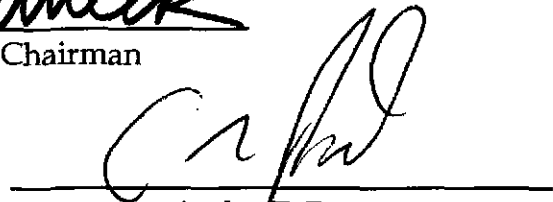
THE PUBLIC UTILITIES COMMISSION OF OHIO



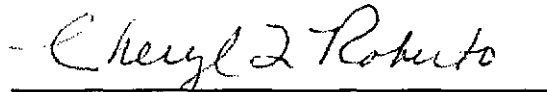
Todd A. Snitchler, Chairman




Steven D. Lesser



Andre T. Porter



Cheryl L. Roberto

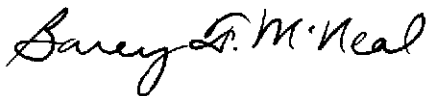


Lynn Slaby

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Barcy F. McNeal
Secretary