

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

27  
RECEIVED-DOCKETING DIV  
2012 MAY 31 PM 5:00  
PUCO

In The Matter of the Application of Ohio )  
Edison Company, The Cleveland Electric )  
Illuminating Company, and The Toledo ) Case No. 12-1230-EL-SSO  
Edison Company For Authority to Provide )  
For a Standard Service Offer Pursuant to )  
R.C. §4928.143 in the Form of )  
An Electric Security Plan )

---

OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING  
COMPANY, AND THE TOLEDO EDISON COMPANY'S MEMORANDUM CONTRA  
AEP RETAIL ENERGY PARTNERS LLC'S  
MOTION TO EXTEND THE PROCEDURAL SCHEDULE

---

James W. Burk (0043808)  
Counsel of Record  
Arthur E. Korkosz (0010587)  
FirstEnergy Service Company  
76 South Main Street  
Akron, OH 44308  
Telephone: (330) 384-5861  
Facsimile: (330) 384-3875  
E-mail: burkj@firstenergycorp.com  
korkosza@firstenergycorp.com

James F. Lang (0059668)  
Laura C. McBride (0080059)  
Calfee, Halter & Griswold LLP  
1400 KeyBank Center  
800 Superior Ave.  
Cleveland, OH 44114  
Telephone: (216) 622-8200  
Facsimile: (216) 241-0816  
E-mail: jlang@calfee.com  
lmcbride@calfee.com

David A. Kutik (0006418)  
JONES DAY  
North Point, 901 Lakeside Avenue  
Cleveland, Ohio 44114-1190

This is to certify that the images appearing are an  
accurate and complete reproduction of a case file  
document delivered in the regular course of business.

Technician TD Date Processed 5-31-12

Telephone: (216) 586-3939  
Facsimile: (216) 579-0212  
E-mail: [dakutik@jonesday.com](mailto:dakutik@jonesday.com)

ATTORNEYS FOR OHIO EDISON COMPANY, THE  
CLEVELAND ELECTRIC ILLUMINATING  
COMPANY, AND THE TOLEDO EDISON COMPANY

## **I. INTRODUCTION**

The Motion to Modify the Procedural Schedule filed by AEP Retail Energy Partners LLC (“AEPR”) is long on inflammatory hyperbole and short on substance—particularly with regard to showing why any delay in the schedule in this case is called for. AEPR asks that the hearing currently scheduled to begin June 4, 2012, be continued. AEPR further requests that Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, the “Companies”) be required to file supplemental testimony analyzing the Stipulation that has been entered in this case in light of PJM Interconnection, Inc.’s (“PJM”) recent Base Residual Auction (“BRA”) and that the parties be given an opportunity to address the BRA results through discovery and additional testimony.

AEPR’s Motion should be denied for at least three reasons. First, the procedural schedule is appropriate as it currently stands. The proposed ESP (“ESP 3”) effectively extends the Companies’ current ESP. The provisions of ESP 3 are essentially the same as the current ESP, an ESP that has produced several successful SSO auctions that have benefitted customers with reasonably priced generation service. There is little that is new with the proposed ESP 3. Moreover, the schedule in this case has already been extended once at the request of AEPR and other intervenors. It should not be extended a second time.

Second, AEPR has not demonstrated that additional time or testimony is necessary. Instead, its motion is nothing more than an attempt to inappropriately argue the merits.

Third, contrary to AEPR’s assertion, the Companies did not attempt to deceive the Commission to secure an expedited schedule. AEPR, on the other hand, has made several misleading claims in its Motion. For all of those reasons, AEPR’s Motion is improper and this case should proceed to hearing on June 4, 2012.

## II. ARGUMENT

### A. The Schedule For This ESP Case Is Appropriate And Should Not Be Extended A Second Time.

The procedural schedule in this case is reasonable given that the proposed ESP 3 is primarily a continuation of the Companies' current ESP, which the Commission previously reviewed and approved. *See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 10-388-EL-SSO. A substantial record from the current ESP ("ESP 2") is incorporated here, which will streamline this case. The Commission will need to address arguments raised by the small number of parties that oppose the Stipulation. Most of these arguments have been addressed and rejected by this Commission already in the ESP 2 case and other matters. Nineteen parties have signed the Stipulation and five additional parties do not oppose it. In other words, a substantial coalition favors extending the Companies' current ESP 2 for two more years.

The parties opposing the Stipulation, including AEPR, have had ample time to conduct discovery and prepare testimony. Moreover, AEPR and several other intervenors<sup>1</sup> have already been granted one extension of time. On May 5, 2012, the Commission issued an order that moved the date for intervenors to file testimony from May 4 to May 21, 2012. The hearing date was likewise moved from May 21 until June 4, 2012. (Entry Dated May 5, 2012.) Given that one extension was already granted, no meritorious reason exists for another.

---

<sup>1</sup> The other intervenors include the Environmental Law and Policy Center, the Natural Resources Defense Council, the Northeast Ohio Public Energy Council, the Northwest Ohio Aggregation Coalition, the Office of the Ohio Consumers' Counsel, Ohio Environmental Council, and the Sierra Club.

**B. AEPR Has Not Demonstrated That Additional Time Or Testimony Is Necessary.**

AEPR makes many arguments in its Motion, but fails to explain why additional time or testimony is necessary in this case. The facts belie each of its claimed reasons for an extension.

First, AEPR claims that additional time and testimony is needed because PJM announced the results of its BRA at the close of business on Friday, May 18, 2012, less than one business day before the nonsignatory parties' testimony was due. According to AEPR, the nonsignatory party intervenors were not able to take the BRA results into account in the testimony that was to be filed. (Motion p. 4.) This overlooks, of course, that *AEPR did not file any testimony in this case*. Thus, AEPR's claim of prejudice rings hollow.

Nor can AEPR credibly claim that the nonsignatory intervenors were somehow caught off-guard by the results of the BRA. The potential likely range of BRA clearing prices was known well before AEPR or any other intervenor had to file testimony. PJM declared that ATSI would be separate for purposes of the reliability pricing model ("RPM") in late 2011. Analysts then predicted that prices in the ATSI zone would clear at a premium above \$250-\$300 per MW-day due to retirements of several older coal-fired plants. (*See* Scott DiSavino, *PJM Power Auction May Be Worth \$10 Bln*, Reuters, May 9, 2012, attached as Exhibit A.) As a result, the intervenors had access to information indicating that ATSI capacity prices would rise from the levels that had been obtained for the prior delivery year. Such expected increased capacity prices could have easily been incorporated into any intervenor testimony before it was filed.

AEPR also claims that the procedural schedule in this case must be adjusted because the BRA has altered the Companies' analysis regarding whether ESP 3 is more favorable than a market rate offer ("MRO"). *See* Ohio Rev. Code § 4928.143(C)(1). AEPR is wrong. SSO prices from both ESP 3 and an MRO would be based on a competitive bidding process, including

bidding prices based on the capacity price determined in the BRA. Thus, the quantitative effect on the SSO price for ESP 3 versus an MRO would be zero.

What's more, to the extent that increased capacity prices have any effect on the ESP-MRO comparison, such prices would only increase the relative benefits of ESP 3. ESP 3 envisions that FirstEnergy Solutions will supply generation to Percentage of Income Payment Plan ("PIPP") customers in the Companies' territories at 6% less than the average of the prices secured at auctions. That PIPP discount accounts for a significant portion of the quantitative benefit of ESP 3. (*See* Motion p. 5.) If the Companies' auction price is higher (due to higher capacity prices), then the savings attributable to the PIPP discount will be greater because the discount will be a percentage off of a larger number. Still further, to the extent that capacity prices may cause steeper potential increases in possible SSO prices, then ESP 3's proposed laddering of SSO load procurement and the averaging of auction results will provide even more benefits to customers by reducing the effects of potential rate shock.

In short, AEPR's explanations for an extension of the procedural schedule all fail. At bottom, AEPR's explanations are nothing more than an attempt to delve into the merits. AEPR's attempt is simultaneously too late and premature—too late because AEPR failed to file any testimony and premature because the merits will be examined at hearing. In any event, the procedural schedule in this case is appropriate and the hearing should begin June 4, 2012.

**C. Although The Companies Have Not Been Deceptive, AEPR Has.**

AEPR claims that an extension is appropriate in this case because the Companies secured the procedural schedule by utilizing an "initial deception." (*See* Motion p. 2.)

FirstEnergy began this case by demanding a final Opinion and Order by this Commission no later than May 2, 2012, claiming that this date was absolutely necessary to permit it to bid Demand Response and Energy Efficiency resources into PJM's May 7, 2012, 2015/2016 base residual auction (BRA). After the Commission's attorney examiner recognized the impossibility of

meeting the first of FirstEnergy's proposed deadlines, however, FirstEnergy acknowledged that even without a decision by this Commission it had always intended to, and it did, bid Energy Efficiency resources into that same auction.

(*Id.* emphasis in original.) AEPR claims: (1) the Companies persuaded the Commission to hold a hearing shortly after this case was filed so it could bid Energy Efficiency resources into the May 2012 PJM BRA; and (2) the Companies planned to bid Energy Efficiency resources into the PJM auction regardless of the timing or outcome of this hearing. (*Id.*)

To support its claim that the Companies "deceived" the Commission, AEPR cites the Companies' Confidential Response to Sierra Club's Request for Production No. 1. Notably, AEPR only presents its characterization of this response; AEPR does not favor the Commission with a copy. That omission is telling. The Companies trust that a review of that response will starkly demonstrate who is "being straight" with the Commission—and who is not. Accordingly, the Companies will file the response under seal. Suffice it to say that the response does not reflect what AEPR says it does. The Companies have not deceived the Commission. Instead, AEPR's description of the Companies' Response to Sierra Club's Request for Production No. 1 is misleading.

In an attempt to secure a continuance of this matter, AEPR has also provided other factually inaccurate information in its motion. For example, AEPR claims:

[A]fter application of all applicable scaling factors and adjustments necessary to convert the [PJM] auction price into a price by load (such as zonal scaling factors and forecast pool requirements), the actual capacity price paid by load in the ATSI zone during delivery year 2015/2016 is likely to approach or exceed approximately \$400/MW day.

(Motion p. 3.) Information available from PJM itself says otherwise. Due to the availability of resources outside of ATSI, the lower price of those resources will be factored into the delivered price of capacity in the ATSI zone. The cost of capacity to all load serving entities in the ATSI load zone will be \$294 per MW-day, which will be increased by "plus" factors such as zonal

scaling factor and forecast pool requirements. (See PJM 2015/2016 Delivery Year Summary of Auction Results, attached hereto as Exhibit B.) Using the correct starting point and the same zonal scaling factor and forecast pool requirements as AEPR, the actual capacity price paid by load in the ATSI zone for 2015/2016 is approximately \$329 per MW-day.

AEPR also argues that the “foundation” of the Companies’ application is their claim that a decision is needed as soon as possible to “capture low energy and capacity rates through competitive bids received in October 2012 and extending out to the 2015/2016 delivery year.” (Motion p. 3.) The Companies have never said that they wish to conduct auctions for a three year product so that they can lock in low capacity prices. (See, e.g., Companies’ Response to AEPR Interrogatory No. 12 (explaining the Stipulation statement that ESP 3 will capture generation at historically low prices by stating: “The wholesales forward energy market is currently trading at a lower level than it has in nine years.”); Companies’ Response to OCC Interrogatory 43, Attachment 1 (displaying forward energy prices in PJM), both attached as Exhibit C.) Instead, the Companies’ proposal is designed to smooth out potential increases in SSO prices associated with increased capacity prices by replacing the one year purchase this October and next January that is approved in ESP 2 with laddering in a three year purchase. (See Companies’ Updated Response to AEPR Interrogatory 11.7, attached as Exhibit D.)

AEPR further asserts that the Companies have “refused to respond to virtually all requests for information concerning its typical bill analysis and assumptions regarding energy and capacity prices[.]” (Motion p. 5.)<sup>2</sup> But, as the Companies demonstrated in their Memorandum Contra AEPR’s Motion to Compel (filed contemporaneously herewith), billing impacts based on the results of the Companies’ last auction have been provided via supplemental

---

<sup>2</sup> The Companies did supplement AEPR 1-11.7 on May 29, 2012, by providing information comparing the smoothing effect of the Companies’ proposal in ESP 3 with the outcome if the proposal is not accepted.



information filed on May 2, 2012. The use of such prior auction data to show billing impacts was approved by the Commission in ESP 2. (ESP 2 Testimony of Robert Fortney; Opinion and Order dated Aug. 25, 2010, p. 46–47.)

The above discussion is not exhaustive; we present but a few examples of the numerous errors in AEPR's motion. Simply put, AEPR's motion is rife with misleading information. More to the point, there is nothing in these errors and misstatements that merits a delay in the hearing of this case. The hearing should begin as scheduled on June 4, 2012.

### **III. CONCLUSION**

For the above reasons, AEPR's motion does not justify an extension of the current procedural schedule for this proceeding. The Companies respectfully request that hearing proceed as scheduled on June 4, 2012, and that all other applicable dates remain in place.

Dated: May 31, 2012

Respectfully submitted,

David A. Kutik / per authority A-E-H  
James W. Burk (0043808)  
Counsel of Record  
Arthur E. Korkosz (0010587)  
FirstEnergy Service Company  
76 South Main Street  
Akron, OH 44308  
Telephone: (330) 761-7735  
Facsimile: (330) 384-3875  
E-mail: burkj@firstenergycorp.com  
korkosza@firstenergycorp.com

James F. Lang (0059668)  
Laura C. McBride (0080059)  
Calfee, Halter & Griswold LLP  
1400 KeyBank Center  
800 Superior Ave.  
Cleveland, OH 44114  
Telephone: (216) 622-8200  
Facsimile: (216) 241-0816  
E-mail: jlang@calfee.com  
lmcbride@calfee.com

David A. Kutik (0006418)  
Jones Day  
North Point  
901 Lakeside Avenue  
Cleveland, OH 44114  
Telephone: (216) 586-3939  
Facsimile: (216) 579-0212  
E-mail: dakutik@jonesday.com

ATTORNEYS FOR OHIO EDISON  
COMPANY, THE CLEVELAND ELECTRIC  
ILLUMINATING COMPANY, AND THE  
TOLEDO EDISON COMPANY

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Memorandum Contra AEP Retail Energy Partners LLC's Motion to Compel Discovery Responses was sent to the following by e-mail this 31st day of May, 2012:

"Amy.Spiller@Duke-Energy.com" <Amy.Spiller@Duke-Energy.com>,  
"cynthia.brady@constellation.com" <cynthia.brady@constellation.com>,  
"dakutik@JonesDay.com" <dakutik@JonesDay.com>, "dane.stinson@baileycavalieri.com"  
<dane.stinson@baileycavalieri.com>, "david.fein@constellation.com"  
<david.fein@constellation.com>, "DBoehm@bkllawfirm.com" <DBoehm@bkllawfirm.com>,  
"drinebolt@ohiopartners.org" <drinebolt@ohiopartners.org>, "dryan@mwncmh.com"  
<dryan@mwncmh.com>, "ehess@mwncmh.com" <ehess@mwncmh.com>,  
"Garrett.Stone@bbrslaw.com" <Garrett.Stone@bbrslaw.com>, "gregory.dunn@icemiller.com"  
<gregory.dunn@icemiller.com>, "GKrasen@Bricker.com" <GKrasen@Bricker.com>,  
"jbowser@mwncmh.com" <jbowser@mwncmh.com>, "Lang, Jim" <JLang@Calfee.com>,  
"korkosza@firstenergycorp.com" <korkosza@firstenergycorp.com>, "mhpetricoff@vorys.com"  
<mhpetricoff@vorys.com>, "Mike.Lavanga@bbrslaw.com" <Mike.Lavanga@bbrslaw.com>,  
"MKurtz@bkllawfirm.com" <MKurtz@bkllawfirm.com>, "mparke@firstenergycorp.com"  
<mparke@firstenergycorp.com>, "murraykm@mwncmh.com" <murraykm@mwncmh.com>,  
"MWarnock@Bricker.com" <MWarnock@Bricker.com>, "Ray.Strom@puc.state.oh.us"  
<Ray.Strom@puc.state.oh.us>, "ricks@ohanet.org" <ricks@ohanet.org>,  
"TOBrien@Bricker.com" <TOBrien@Bricker.com>, "trent@theOEC.org" <trent@theOEC.org>,  
"VLeach-Payne@mwncmh.com" <VLeach-Payne@mwncmh.com>,  
"burkj@firstenergycorp.com" <burkj@firstenergycorp.com>, "jpmeissn@lasclev.org"  
<jpmeissn@lasclev.org>, "robert.fortney@puc.state.oh.us" <robert.fortney@puc.state.oh.us>,  
"McBride, Laura" <LMcBride@Calfee.com>, "doris.mccarter@puc.state.oh.us"  
<doris.mccarter@puc.state.oh.us>, "Ccunningham@Akronohio.Gov"  
<Ccunningham@Akronohio.Gov>, "rkelter@elpc.org" <rkelter@elpc.org>,  
"joliker@mwncmh.com" <joliker@mwncmh.com>, "dsullivan@nrhc.org"  
<dsullivan@nrhc.org>, "callwein@wamenergylaw.com" <callwein@wamenergylaw.com>,  
"lmcaster@bricker.com" <lmcaster@bricker.com>, "matt@matthewcoxlaw.com"  
<matt@matthewcoxlaw.com>, "greg.lawrence@cw.com" <greg.lawrence@cw.com>,  
"cathy@theoec.org" <cathy@theoec.org>, "Tammy.Turkenton@puc.state.oh.us"  
<Tammy.Turkenton@puc.state.oh.us>, "teresa.ringenbach@directenergy.com"  
<teresa.ringenbach@directenergy.com>, "ray.strom@puc.state.oh.us"  
<ray.strom@puc.state.oh.us>, "robinson@citizenpower.com" <robinson@citizenpower.com>,  
"ricks@ohanet.org" <ricks@ohanet.org>, "myurick@taftlaw.com" <myurick@taftlaw.com>,  
"nolan@theOEC.org" <nolan@theOEC.org>, "sam@mwncmh.com" <sam@mwncmh.com>,  
"smhoward@vorys.com" <smhoward@vorys.com>, "steven.huhman@morganstanley.com"  
<steven.huhman@morganstanley.com>, "Thomas.McNamee@puc.state.oh.us"  
<Thomas.McNamee@puc.state.oh.us>, "jmclark@vectren.com" <jmclark@vectren.com>,  
"gpoulos@enernoc.com" <gpoulos@enernoc.com>, "cmooney2@columbus.rr.com"  
<cmooney2@columbus.rr.com>, "RHorvath@city.cleveland.oh.us"  
<RHorvath@city.cleveland.oh.us>, "christopher.miller@icemiller.com"

<christopher.miller@icemiller.com>, "asim.haque@icemiller.com"  
<asim.haque@icemiller.com>, "vparisi@igsenergy.com" <vparisi@igsenergy.com>,  
"sauer@occ.state.oh.us" <sauer@occ.state.oh.us>, "etter@occ.state.oh.us"  
<etter@occ.state.oh.us>, "yost@occ.state.oh.us" <yost@occ.state.oh.us>,  
"leslie.kovacik@toledo.oh.gov" <leslie.kovacik@toledo.oh.gov>, "trhayslaw@gmail.com"  
<trhayslaw@gmail.com>, "Judi.sobecki@dplinc.com" <Judi.sobecki@dplinc.com>,  
"Randall.Griffin@dplinc.com" <Randall.Griffin@dplinc.com>, "Jkyler@bkllawfirm.com"  
<Jkyler@bkllawfirm.com>, "tsiwo@bricker.com" <tsiwo@bricker.com>,  
"jeanne.kingery@duke-energy.com" <jeanne.kingery@duke-energy.com>,  
"dorothy.corbett@duke-energy.com" <dorothy.corbett@duke-energy.com>,  
"jejadwin@aep.com" <jejadwin@aep.com>, "mdortch@kravitzllc.com"  
<mdortch@kravitzllc.com>, "mjsatterwhite@aep.com" <mjsatterwhite@aep.com>,  
"stnourse@aep.com" <stnourse@aep.com>, "sandy.grace@exeloncorp.com"  
<sandy.grace@exeloncorp.com>, "stephen.bennett@exeloncorp.com"  
<stephen.bennett@exeloncorp.com>, "lkalepsclark@vorys.com" <lkalepsclark@vorys.com>,  
"wttpmlc@aol.com" <wttpmlc@aol.com>, "BarthRoyer@aol.com" <BarthRoyer@aol.com>,  
"robb.kapla@sierraclub.org" <robb.kapla@sierraclub.org>, jvickers@elpc.org  
<jvickers@elpc.org>

Daniel A. Kutt per authority AEN  
An Attorney for Ohio Edison Company, The  
Cleveland Electric Illuminating Company, and  
The Toledo Edison Company

# EXHIBIT A

## **PJM power capacity auction may be worth over \$10 bln**

**Reuters**

**New York, NY**

**Scott DiSavino**

**05/09/2012**

May 9 (Reuters) - U.S. electric grid operator PJM hopes to secure at least 160,000 megawatts (MW) of power resources for the 2015/2016 delivery year in a capacity auction this week potentially worth more than \$10 billion, according to energy experts.

PJM opened its capacity auction, which the grid operator calls a Base Residual Auction (BRA), on May 7. PJM said it will post the results after the auction closes on May 11.

If the auction clears between \$150-\$190 per MW-day, as analysts expect, the accepted generation resources could receive between \$8.7 billion and \$11.1 billion for 2015-2016.

PJM operates the nation's biggest power grid serving 60 million people in 13 U.S. Mid-Atlantic and Midwest states and the District of Columbia.

The capacity auction, known in PJM as the Reliability Pricing Model (RPM), procures power resources to support forecast demand three years in the future. The resources include planned and existing power plants, demand response and energy efficiency programs.

PJM posts one price for the entire grid known as the Regional Transmission Operator (RTO) price and separate locational prices for regions with forecast transmission constraints.

Ron Norman, an energy industry expert at PA Consulting, a consulting firm, forecasts an RTO-wide capacity price in the \$160-\$190 per megawatt-day (MW-day) range.

U.S. power analysts Daniel Ford and Gregg Orrill at Barclays Capital, a British investment bank, said in a report they expect the RTO to clear in the \$150 per MW-day range.

That would be higher than the RTO-wide capacity price of \$125.99 per MW-day in last year's auction for the 2014/2015 delivery year.

That means a 100-MW power plant that was accepted in the RTO region in the 2014/2015 auction would receive about \$12,600 a day or about \$4.6 million for the delivery year in capacity payments.

Norman, of PA Consulting, expected most of the PJM grid would clear at the RTO price except for FirstEnergy Corp's American Transmission System Inc (ATSI) zone in Ohio.

Norman said the ATSI zone would likely clear at a premium north of \$250 per MW-day in large part because the FirstEnergy region could see the retirement of several mostly older, coal-fired power plants, which will tighten reserve margins in that area. See

The Barclays analysts also expect the ATSI zone to clear at a premium to the RTO in the \$250-\$300 per MW-day or more range due to the plant shutdowns.

Barclays also said New Jersey power company Public Service Enterprise Group Inc's Public Service zone in New Jersey could clear separately from the rest of the RTO in the \$165-\$187 per MW-day range.

#### COAL PLANTS TO RETIRE

Energy companies have asked PJM for permission to retire about 15,000 MW of mostly coal-fired generating capacity from the 2015-2016 auction in part to comply with stricter federal environmental rules.

For a Factbox on coal units to retire, see

Norman said the retirement of all 15,000 MW was unlikely, but noted retirements in the 7,000 MW to 9,000 MW range were possible.

Last week, FirstEnergy said PJM told the company to keep three old, coal-fired plants in Ohio capable of generating about 885 MW in service to maintain reliable supplies of electricity. The plants had been earmarked for retirement this year.

Norman said the premium capacity price for the FirstEnergy ATSI zone would likely be a short term phenomenon. He said the ATSI price could collapse to the RTO price in the 2016/2017 auction if transmission upgrades continue to move forward, making it easier to transmit more power into and out of the ATSI area.

The following table reflects historic RTO-wide capacity clearing prices. Capacity prices in some transmission constrained regions were higher than the RTO-wide price, according to a report by PJM.

Year	RTO Price (MW-day)	Capacity (MW)	Reserve Margin
2007-8	\$40.80	129,409	19.2 pct
2008-9	\$111.92	129,598	17.5 pct
2009-10	\$102.04	132,232	17.8 pct
2010-11	\$174.29	132,190	16.5 pct
2011-12	\$110.00	132,221	18.1 pct
2012-13	\$16.46	136,144	20.9 pct
2013-14	\$27.73	152,743	20.2 pct

2014-15    \$125.99    149,975    19.6 pct

(Reporting By Scott DiSavino; Editing by Alden Bentley)



# **EXHIBIT B**

## 2015/2016 Delivery Year Summary of Auction Results

### Capacity Cleared & Resource Clearing Prices

LDA	Base Residual Auction	
	Total Resources Cleared for PJM LSEs (MW)	Annual Resource Clearing Price (\$/MW-day)
RTO	164,561.2	\$136.00
MAAC	65,790.4	\$167.46
EMAAC	33,047.7	\$167.46
SWMAAC	10,999.8	\$167.46
PS	6,729.8	\$167.46
PSNORTH	3,641.2	\$167.46
DPLSOUTH	1,722.1	\$167.46
PEPCO	6,135.7	\$167.46
ATSI	10,667.6	\$357.00

### Zonal UCAP Obligations, Zonal Capacity Prices, & Zonal CTR Credit Rates

Zone	Base Residual Auction			
	Base Zonal UCAP Obligation (MW)	Preliminary Zonal Capacity Price (\$/MW- day)	Base Zonal CTR Credit Rate (\$/MW-UCAP Obligation-day)	Preliminary Zonal Net Load Price (\$/MW- day)
AE	3,076.7	\$166.08	\$0.30	\$165.78
AEP **	13,079.0	\$134.62	\$0.00	\$134.62
APS	9,846.7	\$134.62	\$0.00	\$134.62
ATSI	14,940.4	\$342.30	\$48.27	\$294.03
BGE	8,209.9	\$166.08	\$0.30	\$165.78
COMED	26,507.1	\$134.62	\$0.00	\$134.62
DAYTON	3,935.1	\$134.62	\$0.00	\$134.62
DEOK **	5,357.7	\$134.62	\$0.00	\$134.62
DLCO	3,340.0	\$134.62	\$0.00	\$134.62
DOM	22,882.6	\$134.62	\$0.00	\$134.62
DPL	4,696.7	\$166.08	\$0.30	\$165.78
JGPL	7,142.3	\$166.08	\$0.30	\$165.78
METED	3,443.5	\$166.08	\$0.30	\$165.78
PECO	10,098.7	\$166.08	\$0.30	\$165.78
PENLC	3,407.5	\$166.08	\$0.30	\$165.78
PEPCO	7,709.3	\$166.08	\$0.30	\$165.78
PL	8,531.6	\$166.08	\$0.30	\$165.78
PS	11,951.4	\$166.08	\$0.30	\$165.78
RECO	474.7	\$166.08	\$0.30	\$165.78
	168,630.6			

\*\* Obligation affected by FRR quantities.

# EXHIBIT C

**Case No. 12-1230-EL-SSO**  
**Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan**

**RESPONSES TO REQUEST**

**AEPR Set 1 –  
INT-12**

Page 3 of the Stipulation states that ESP-3 will “capture a potentially greater amount of generation at historically lower prices for the benefit of customers.”

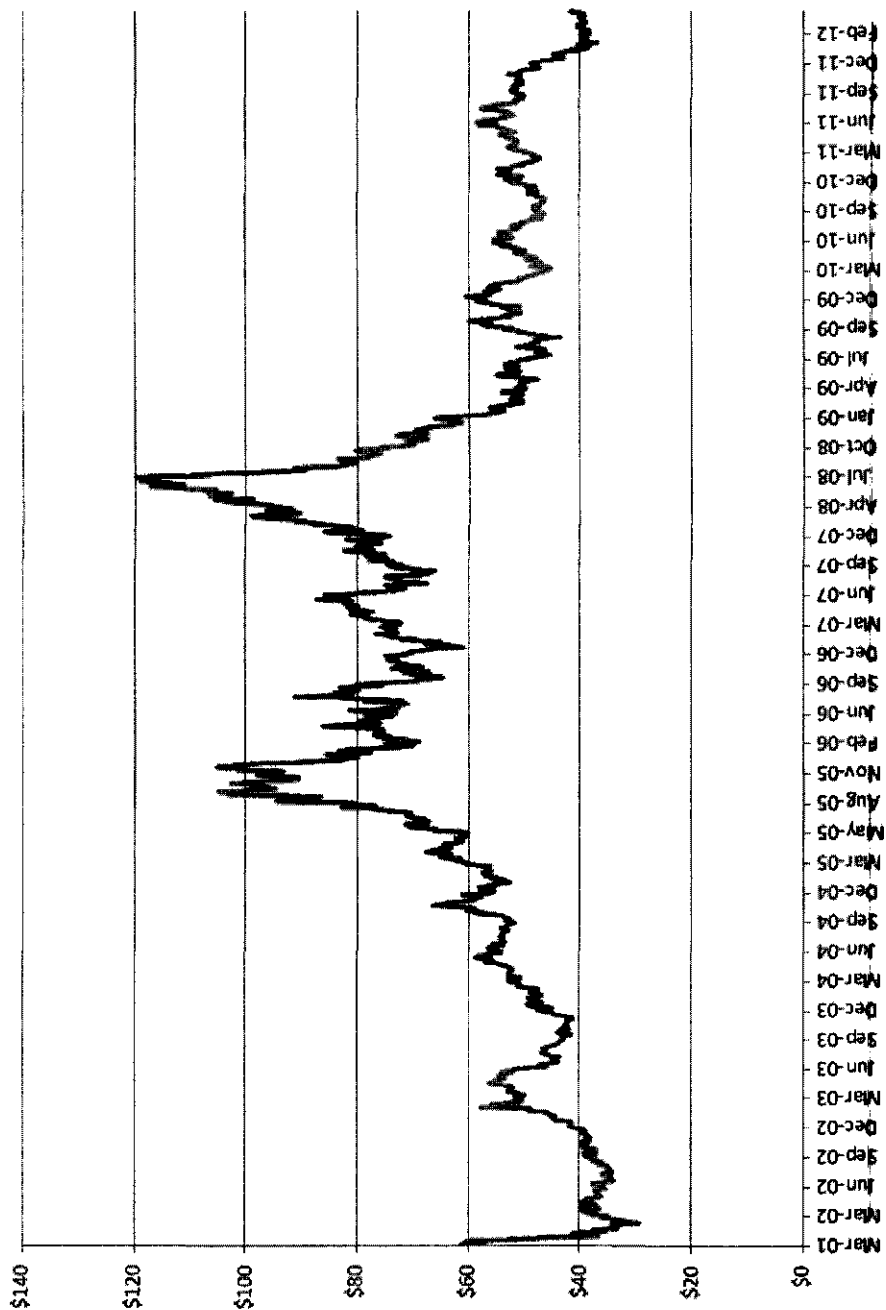
- 12.1 Please explain the basis for this statement.
- 12.2 Please identify the period(s) that in comparison have had higher historical prices than the period(s) that have comparably lower prices as described in the statement.
- 12.3 Explain how the historic price for generation impacts future prices for customers.

**Response:**

- 12.1 The wholesale forward energy market is currently trading at a lower level than it has in at least nine years. Wholesale market forwards are one of the major factors that impact the resulting CBP price.
- 12.2 Please see response to AEPR Set 1-Int-12.1.
- 12.3 Please see response to AEPR Set 1-Int-12.1.

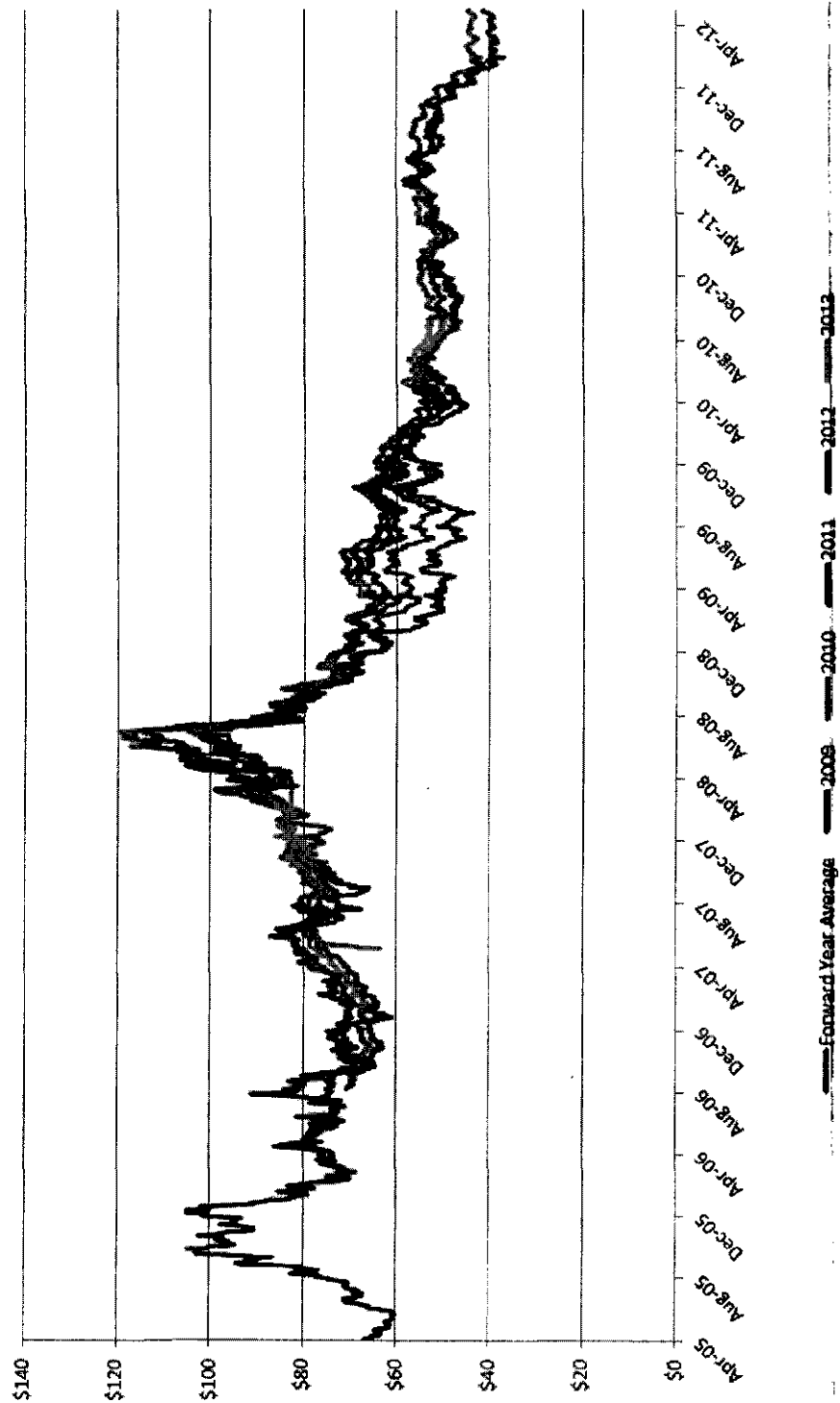
**Electric Forward Market Report**  
**Front Year PJM Western Hub On-Peak (5x16) - \$/MWh**

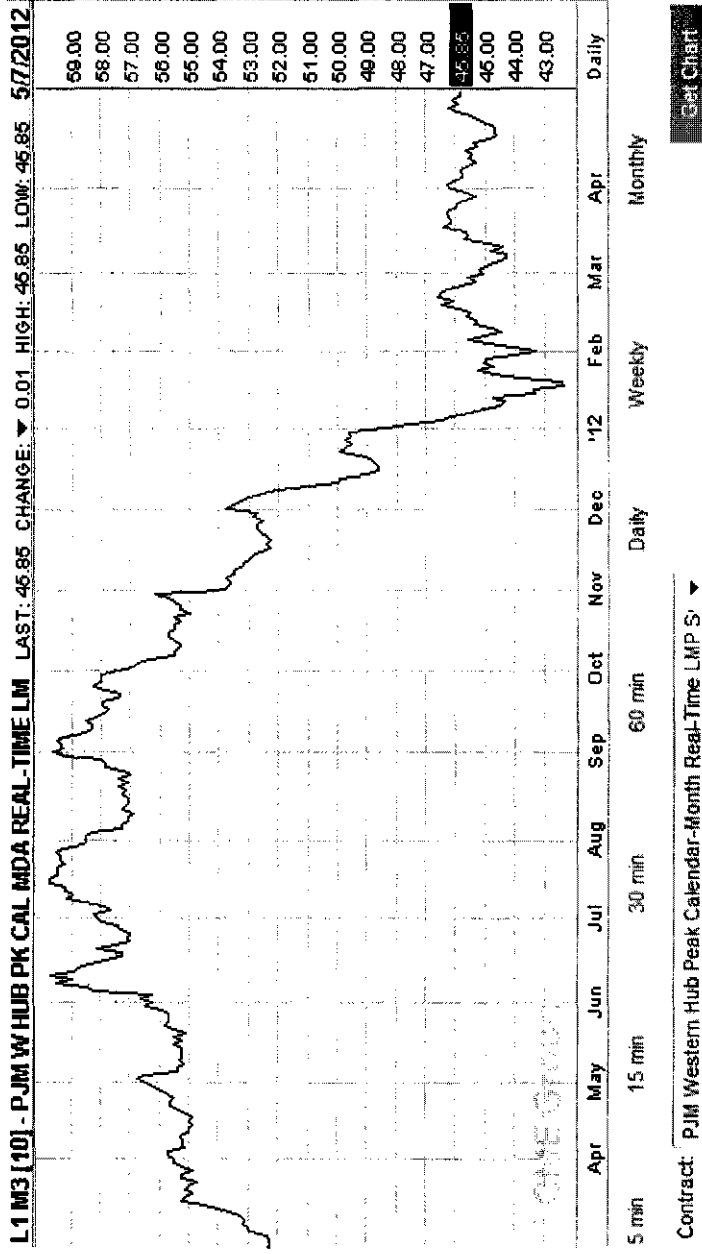
Report Date: 05/04/2012



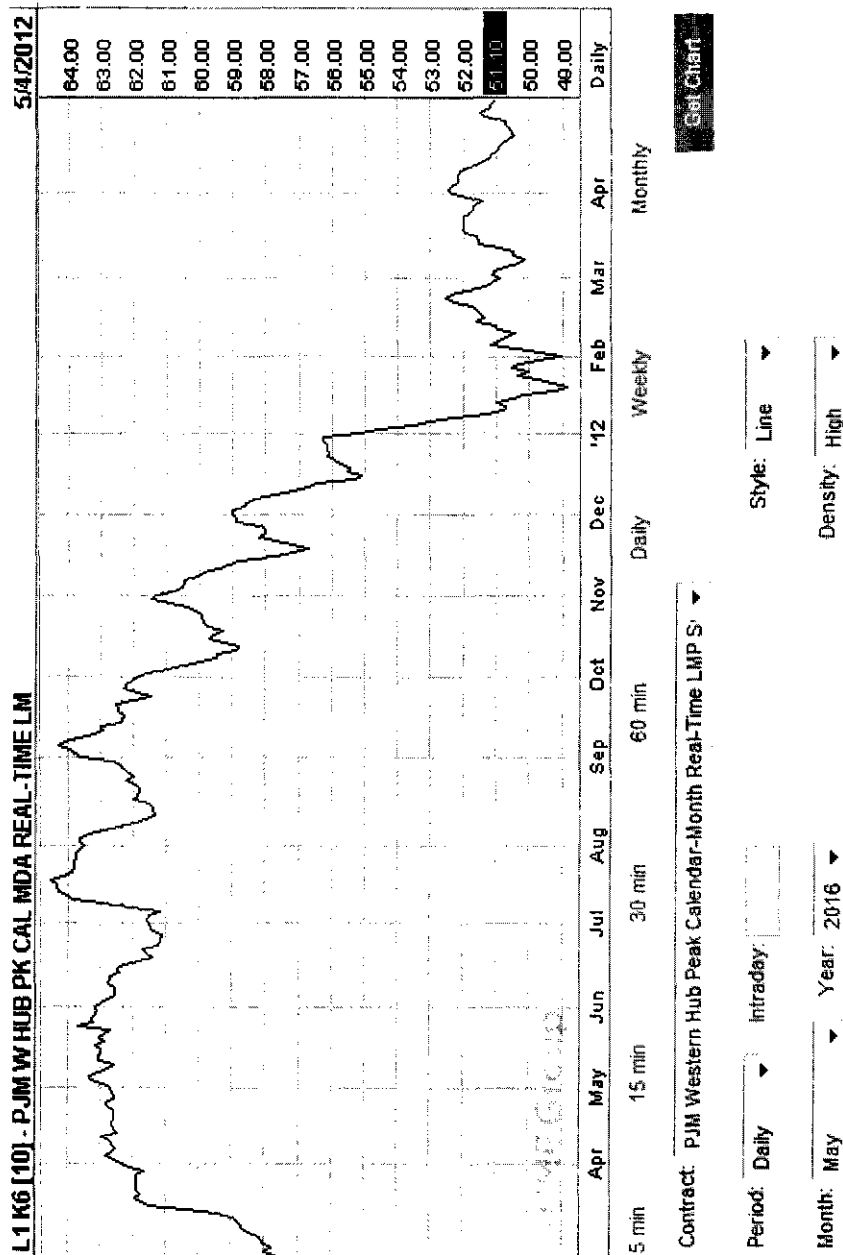
**Electric Forward Market Report**  
**Annual PJM Western Hub On-Peak (5x16) - \$/MWh**

Report Date: 05/04/2012





[http://www.cmeigroup.com/popup/mdq2.html?code=L1M5&title=June\\_2015\\_PJM\\_Western\\_Hub\\_50\\_MW\\_Peak\\_Calendar\\_Month\\_Real\\_Time\\_LMP\\_Swap&type=p#bardensity=HIGH;bartype=LINE;year=3;month=06](http://www.cmeigroup.com/popup/mdq2.html?code=L1M5&title=June_2015_PJM_Western_Hub_50_MW_Peak_Calendar_Month_Real_Time_LMP_Swap&type=p#bardensity=HIGH;bartype=LINE;year=3;month=06)



[http://www.cmcgroup.com/popup/mdq2.html?code=L1M5&title=June\\_2015\\_PJM\\_Western\\_Hub\\_50\\_MW\\_Peak\\_Calendar\\_Month\\_Real\\_Time\\_LMP\\_Swap&type=p#bardensity=HIGH;bartype=LINE;year=6;month=05](http://www.cmcgroup.com/popup/mdq2.html?code=L1M5&title=June_2015_PJM_Western_Hub_50_MW_Peak_Calendar_Month_Real_Time_LMP_Swap&type=p#bardensity=HIGH;bartype=LINE;year=6;month=05)



# **EXHIBIT D**

Case No. 12-1230-EL-SSO  
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

AEPR Set 1 –  
INT-11

At the bottom of page 2 of the Stipulation the claim is made that  
ESP-3 will "...smooth[] out generation prices and mitigate[]  
volatility in generation pricing ...".

- 11.1 What is the basis for the statement?
- 11.2 Please confirm whether the proposed auction in October 2012 of 17 of the 100 tranches for the period June 2013 through May 2016 supports this statement, and if so please explain why.
- 11.3 Please confirm whether the proposed auction in January 2013 of 17 of the 100 tranches for the period June 2013 through May 2016 supports this statement, and if so please explain why.
- 11.4 What are FE's projected generation prices (both capacity and energy) for each year of the two-year extension period?
- 11.5 What are FE's projected generation prices (both capacity and energy) for each year remaining in the current ESP period?
- 11.6 Were projections made by customer class? Provide the projections if done by customer class.
- 11.7 What analyses were performed to determine that the plan would smooth generation prices and mitigate volatility? Provide those analyses.

**Response:**

- 11.1 The Company believes there is the potential for higher prices during the life of the proposed ESP due to a number of factors including but not limited to load growth, plant retirements and environmental upgrades. The current ESP ends May 31, 2014 and does not provide for any generation purchases beyond that date.
- 11.2 The Companies believe that the proposed auction in October 2012 for 17 of the 100 tranches for the period June 2013 through May 2016 will smooth out generation pricing for retail customers. This will be in combination with a proposed auction in January 2013 for an additional 17 of the 100 tranches for the period June 2013 through May 2016. As the current ESP stands today, the Companies will have no tranches purchased for delivery starting on June 1, 2014 subjecting their retail customers to the potential for a significant price change on that date. The proposed ESP blending of potentially lower prices from June 2013 through May 2014 with the potentially higher prices of the following two years may mitigate volatility in retail generation pricing.
- 11.3 Please see response to AEPR Set 1-INT-11.2.
- 11.4 The Companies have no such projection.
- 11.5 The Companies weighted wholesale CBP price starting June 1, 2012 is \$53.37/MWh. The Companies have no forecast for the 34 tranches that need to be procured for delivery commencing on June 1, 2013.
- 11.6 Projections are not made by customer class.
- 11.7 No such analyses were performed.

Supplemental Response Dated 5/29/12

Please see AEPR Set 1-INT-11.7 Attachment 1

Wholesale generation rates for FE Ohio Companies

	ESP 1 (Gen only)			ESP2			ESP2/ESP3			ESP 3		
	A	B		C	D		Blend	E		F	G	
Planning year	9/10	10/11		11/12	12/13		13/14		14/15		15/16	
\$/MWh	58.41	58.41		55.60	53.37		53.45		55.81		60.10	
Increase from Previous year				-5%	-4%		0%		4%		8%	
Difference from ESP 1				-5%	-9%		-8%		-4%		3%	

	ESP 1 (Gen only)			ESP2			1 year products		
	A	B		C	D	E	F	G	
Planning year	9/10	10/11		11/12	12/13	13/14	14/15	15/16	
\$/MWh	58.41	58.41		55.60	53.37	50.16	52.90	66.32	
Increase from Previous year				-5%	-4%	-6%	5%	25%	
Difference from ESP 1				-5%	-9%	-14%	-9%	14%	

**Notes:**

- 1) Based on 1/24/12 auction results adjusted for differences in known PJM Capacity costs for the different periods
- 2) Assumed 60% annual load factor of load
- 3) Illustrative of known capacity prices and energy from FE Ohio's 1/24/12 auction.
- 4) Actual future prices will differ based on the outcome of future auctions.