

Staff Review and Recommendations for

Case No. 09-1318-EL-EEC

**Joint Application for
A Special Arrangement between
The Toledo Edison Company
and
Johns Manville Waterville Complex
A Special Arrangement with a Mercantile Customer**

Summary of Filing

On December 31, 2009, The Toledo Edison Company (Company) and Johns Manville Waterville Complex (Customer) submitted a Joint Application for Commission approval of a special arrangement for a mercantile exemption of the Company's rider DSE2 (energy efficiency/peak demand reduction rider). The applicants jointly request authority from the Commission to exempt the Customer from paying the charges set forth in the DSE2 Rider, to become effective during the Customer's first billing cycle after the issuance of the Commission's Opinion and Order approving the project for inclusion in the Company's energy efficiency and demand reduction (EEDR) compliance plan. Section 4928.66 of the Revised Code requires certain energy efficiency and demand reduction benchmarks with which the electric distribution utilities (EDUs) must comply. This statute also allows an EDU to include certain mercantile customer-sited energy efficiency and peak demand reduction programs (Energy Projects) to be included in their compliance measures.

Specifically, the applicants request that the Commission:

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

Staff's Review

Pursuant to Division (A)(2)(d) of section 4928.66 of the Revised Code, the filing must:

- (a) Address coordination requirements between the electric utility and the mercantile customer, including specific communication procedures.
- (b) Grant permission to the electric utility and staff to measure and verify energy savings and/or peak-demand reductions resulting from customer-sited projects and resources.
- (c) Identify all consequences of noncompliance by the customer with the terms of the commitment.
- (d) Include a copy of the formal declaration or agreement that commits the mercantile customer's programs for integration, including any requirement that the electric utility will treat the customer's information as confidential and will not disclose such information except under an appropriate protective agreement or a protective order issued by the commission.
- (e) Include a description of methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results, and identify and explain all deviations from any program measurement and verification guidelines that may be published by the commission.

Staff reviewed this application and further supporting documentation provided by The Toledo Edison Company, which included deemed savings calculations and engineering studies. The Customer uses more than 700,000 kWh annually and/or otherwise meets the requirements to be classified as a mercantile customer. Within the Mercantile Customer Project Commitment Agreement, the customer committed the Energy Projects for the life of the project. In committing this Energy Project, the customer provided:

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

The Customer implemented the energy projects between March 2006 and August 2009. The projects included oven burner upgrades, compressed air improvements, insulation, improved boiler controls, process improvements, and premium efficiency motors.

In the application, the applicants requested an exemption from the DSE2 rider through December, 2010. During the requested exemption period, no costs for the Company's energy efficiency program had yet been included in the DSE2 rider.

Staff Recommendation

Based upon its review, the Staff recommends projects 1, 2, 3, 4, 6, 7, 9, and 10 be approved as filed. Staff believes that projects 5 and 8, as filed, do not meet the criteria established for a rider exemption under the energy efficiency mercantile program. Therefore, Staff recommends denial of projects 5 and 8. Staff notes that removal of these two projects will not result in a change to the calculated exemption period, and therefore recommends that the customer be exempted from the DSE2 rider through December, 2010.

Prepared by: R. Wolfe

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