

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the <b>Ohio Edison</b>	:	
<b>Company, the Cleveland Electric</b>	:	
<b>Illuminating Company, The Toledo</b>	:	Case No. <b>12-504-EL-FOR</b>
<b>Edison Company, and American</b>	:	
<b>Transmission Systems, Incorporated</b>	:	
2012 Long Term Forecast Report.	:	

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**MOTION**  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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**BACKGROUND**

On April 16, 2012 the FirstEnergy Electric Distribution Utilities; The Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company; and American Transmission Systems, Incorporated (ATSI), (hereinafter referred to as “the Companies”), jointly filed an annual long term forecast report (LTFR).

No notice of significant change was provided as described by O.A.C. 4901:5-1-04 (A),<sup>1</sup> either prior to the filing or subsequent to the filing.

On January 26th, FirstEnergy Service Company announced its intention to retire approximately 2,689 MW of generating capacity no later than September 1, 2012, including 2,217 MW within the ATSI Zone.<sup>2</sup> FirstEnergy also formally informed PJM Interconnection of its intentions.<sup>3</sup> Subsequent to FirstEnergy's retirement announcement, GenOn announced the retirement of 3,140 MW of generating capacity, including 949 MW in Ohio.<sup>4</sup>

The Companies' LTFR filing included no indication of how the retirement of those generating units or the collective combination of generating unit retirements by GenOn and FirstEnergy in the ATSI area would impact power delivery to EDUs taking

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<sup>1</sup> Ohio Adm. Code 4901:5-1-04 (A) states,

If the long-term forecast report to be furnished under division (C) of section 4935.04 of the Revised Code will contain a "substantial change" as defined in division (D)(3)(c) of section 4935.04 of the Revised Code, the reporting person shall file a notice of substantial change with the commission forty-five days prior to the filing date of the long-term forecast report or as soon thereafter as the reporting person knows of the substantial change."

<sup>2</sup> Press release: [https://www.firstenergycorp.com/newsroom/news\\_releases/firstenergy\\_citingimpactofenvironmentalregulationswillretiresixc.html](https://www.firstenergycorp.com/newsroom/news_releases/firstenergy_citingimpactofenvironmentalregulationswillretiresixc.html).

<sup>3</sup> On January 26, 2012, FirstEnergy, on behalf of FE Genco, submitted a letter to PJM notifying PJM of FE Genco's intent to deactivate ten generating units owned by FE Genco), effective as of September 1, 2012 ("Deactivation Notice"). FE July 10, 2012 informational letter to FERC on Informational Filing regarding Deactivation Avoidable Cost (DAC) Rate.

<sup>4</sup> Feb 29<sup>th</sup> press release available at: [http://phx.corporate-ir.net/phoenix.zhtml?c=124294&p=irol-newsArticle\\_print&ID=1667152&highlight=..](http://phx.corporate-ir.net/phoenix.zhtml?c=124294&p=irol-newsArticle_print&ID=1667152&highlight=..).

transmission service from PJM in the ATSI footprint, or the impact they would have on the ATSI transmission system in terms of transfer capability or system reliability. ATSI should be planning for any possible changes to its system including the possibility of changes on the supply side as it does for demand forecasts. As the middle man it needs to plan for future supply side and demand side changes. It has not shown that it has done so.

The impact of the EPA rules was being studied two years prior to Dec. 31, 2011. The filing failed to include any analysis of the possible impacts on future supply.

O.A.C. 4901:5-5-04 (D) requires the transmission utility to provide information about the planned transmission system, and to provide a date by which information not available at the time of the filing will be provided.<sup>5</sup> The impact of all announced generating unit retirements was not provided, nor was any indication provided of a date when such information might become available.

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<sup>5</sup> Ohio Administrative Code 4901:5-1-04 (D) states in pertinent part,

The planned transmission system. The reporting electric transmission owner shall provide or cause to be provided a detailed narrative description of the planned electric transmission and identify any transmission constraints and critical contingencies with and without the power transfers to the neighboring companies and a description of the plans for development of facilities for years zero through ten as follows:

Where planning horizons make it impractical to comply fully with the data requirements of this rule, as many data as are available shall be provided along with the estimated date on which additional data will be available.

O.A.C. 4901:5-5-04 (E) requires substantiation of the planned transmission system.<sup>6</sup> The filed materials in the LTFR did not take into account the full impact of all coal generating unit retirements in ATSI.

O.A.C. 4901:5-5-06 (A) (4) requires the Resource Plan to address the impact of environmental regulations on generating capacity, cost and reliability.<sup>7</sup> The filing did not address the impact of the generating unit retirements, a consequence of the Cross State

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<sup>6</sup> O.A.C. 4901:5-5-06 (E): Substantiation of the planned transmission system. The reporting electric transmission owner shall submit a substantiation of transmission development plans, including:

(1) Description and transcription diagrams of the base case load flow studies of the transmission owner's transmission system in Ohio, one for the current year and one as projected either three or five years into the future, and provide base case load flow studies on computer disks in PSSE or PSLF format along with transcription diagrams for the base cases.

(5) Analysis of the electric transmission owner's transmission system to permit power interchange with neighboring systems.

(6) A diagram showing the electric transmission owner's import and export transfer capabilities and identifying the limiting element(s) during each season of the reporting period.

(7) A description of any studies regarding transmission system improvement, including, but not limited to, any studies of the potential for reducing line losses, thermal loading, and low voltage, and for improving access to alternative energy resources.

<sup>7</sup> As part of the long-term forecast report filed pursuant to rule O.A.C. 4901:5-3-01 of the Administrative Code, an electric utility shall include a resource plan as defined in rule O.A.C. 4901:5-5-01 of the Administrative Code, which shall contain a narrative discussion and analysis of the following:

(4) The impact of environmental regulations on generating capacity, cost, and reliability, including precise quantitative estimates and/or historical data pursuant to division (B)(2)(b) and/or (B)(2)(c) of section 4928.143 of the Revised Code.

Air Pollution Rule and Mercury and Air Toxics Standards, on generating capacity, cost or local reliability.

The FirstEnergy distribution utilities will receive standard service offer supply from a variety of winning bidders in recent auctions including affiliated and nonaffiliated entities. To the extent winning bidders rely on capacity or energy from plants that will retire, the standard service offer supply may be impacted. The filing includes no investigation of the security of that supply.

Further deficiencies in the filing include, but are not limited to the following;

- Inadequate documentation of how the utility coordinated load and resource forecasts with those of other systems such as affiliated systems in a holding company group, associated systems in an integrated operating system or other coordinating organizations, as required under O.A.C. 4901:5-5-03(C)(1). Pointing to the PJM stakeholder process is insufficient.
- Failure to address and adequately plan for changes in required power transfers from neighboring companies that are necessary to ensure reliability. O.A.C. 4901:5-5-04(D)
- Failure to provide additional data as it became available, consistent with the Company's requirement under O.A.C. 4901:5-5-04(D)(3)(a).
- Failure to address the need for additional electricity resource options as required by O.A.C. 4901:5-5-06(B)(2).
- Failure to demonstrate the cost-effectiveness of a resource plan, including rate impacts of the selected plan and alternative plans, as required under O.A.C. 4901:5-5-06(B)(3)(c), including all potential generation, transmission, and demand management options consistent with the definition of "integrated resource plan" and "supply-side resources" in O.A.C. 4901:5-5-01.
- Failure to include retirements in load flow studies performed by the Companies and failure to provide at the time of the filing or subsequent to the filing studies performed by PJM that do include analyses of thermal loading and/or low voltage as required by O.A.C. 4901:5-5-04(E).

The deficiencies identified above are not necessarily exhaustive. The staff reserves the right to submit a more comprehensive list of data, information and analyses it believes are required by statute and rule, which would be necessary to comprise an adequate forecast and resource plan.

## **ARGUMENT**

The retirement of the generating units in the ATSI service area constitutes a substantial change in the supply / demand balance of the FirstEnergy EDUs and a substantial change in the reliability of the transmission system serving Ohio retail customers of the Companies. The April 16, 2012 filing of the LTFR occurred 78 days after the announcements of plant retirements, and 51 days after PJM's initial analysis of the impact of those retirements on the transmission system. No acknowledgement of those events was included in the filing. Referencing the PJM website or the PJM stakeholder process is necessary but not sufficient for the purpose of satisfying all filing requirements of the LTFR pursuant to the Ohio Administrative Code citations made above.

For these reasons, the Companies' filing does not reflect the major events and circumstances that require the detailed reporting and analysis under the Ohio Administrative Code. The filing is inadequate and insufficient.

The absence of required data and information is a violation of the Ohio Administrative Code provisions listed above. More disturbing is the absence in the Companies' filing of any analysis of alternatives to address the impacts of the generating unit retirements. The core value of a resource plan is to rationally evaluate which combi-

nation of alternatives, including transmission, distribution, generation, and demand side measures would effectuate a least cost or best value approach to ensuring adequate and reliable electric service to the Ohio customers of the FirstEnergy Electric Distribution Utilities at just and reasonable rates.

The Commission is charged assuring that service is reliable and facilities are adequate.<sup>8</sup> Pivotal to fulfilling these statutory roles is the availability of proper information. The utter inadequacy of the filing in this case to reflect the significant actions of an affiliated company which completely changed the planning dynamic in the ATSI area renders the Commission's duties impossible to perform. This situation cannot be permitted to stand.

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R.C. 4928.02(A), 4905.22.

## CONCLUSION

Staff recommends that the Commission establish a docket to examine the question of the reliability and adequacy of facilities in the areas served by FirstEnergy in Ohio and direct the Companies pursuant to 4935.01 (B)(2)<sup>9</sup> to provide or cause to be provided all data, information and analysis required under R.C. 4935 and under Ohio Administrative Code 4901. Staff further recommends that the Commission direct the Companies to file such materials within a reasonable amount of time.

Respectfully submitted,

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**Thomas W. McNamee**  
Assistant Attorney General  
Public Utilities Section  
180 East Broad Street, 6<sup>th</sup> Floor  
Columbus, OH 43215-3793  
614.466.4397 (telephone)  
614.644.8764 (fax)  
[thomas.mcnamee@puc.state.oh.us](mailto:thomas.mcnamee@puc.state.oh.us)

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Chapter 4935: ENERGY DATA. 4935.01 Forecasting energy needs.

(B) To achieve the purposes of this chapter, the commission may:

(2) Request any business, industry, trade association, or person doing business in this state to supply any information in their possession or that can reasonably be assumed to be readily accessible to them concerning the use, supply, source, allocation, or distribution of energy required pursuant to federal energy regulations.



## **PROOF OF SERVICE**

I hereby certify that a true copy of the foregoing **Motion** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, upon Harvey L. Wagner, Controller, 76 South Main Street, Akron, Ohio, 44308, this 13<sup>th</sup> day of July, 2012.

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**Thomas W. McNamee**  
Assistant Attorney General

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 12-0504-EL-FOR**

Summary: Motion submitted on behalf of the Staff of the Public Utilities Commission of Ohio electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio