

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	
Illuminating Company, and The Toledo)	Case Nos. 12-2190-EL-POR
Edison Company For Approval of Their)	12-2191-EL-POR
Energy Efficiency and Peak Demand)	12-2192-EL-POR
Reduction Program Portfolio Plans for 2013)	
through 2015)	
)	

DIRECT TESTIMONY OF

JOHN C. DARGIE

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

1 position in 2011.

2 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

3 **A.** I am testifying on behalf of Ohio Edison Company (“Ohio Edison”), The
4 Cleveland Electric Illuminating Company (“CEI”), and The Toledo Edison
5 Company (“Toledo Edison”) (collectively “Companies”). Unless otherwise
6 stated, my testimony equally applies to all three Companies.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 **A.** The purpose of my testimony is to provide an overview of: (i) the Companies and
9 their EE&PDR requirements; (ii) the Companies’ EE&PDR filing; and (iii) the
10 Companies’ EE&PDR activities as they pertain to bidding resources into the
11 capacity auctions of PJM Interconnection, LLC (“PJM”). I also discuss the
12 Companies’ request for certain waivers and the procedural schedule proposed in
13 the Application.

14 **THE COMPANIES AND THEIR EE&PDR REQUIREMENTS**

15 **Q. PLEASE GENERALLY DESCRIBE THE FIRSTENERGY CORPORATE**
16 **STRUCTURE AS IT RELATES TO STATE REQUIREMENTS TO**
17 **IMPLEMENT EE&PDR PROGRAMS.**

18 **A.** FirstEnergy is a diversified energy company headquartered in Akron, Ohio.
19 Among its many subsidiaries are ten electric utility subsidiaries – Ohio Edison,
20 CEI and Toledo Edison in Ohio, four electric distribution utilities in Pennsylvania
21 (Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania
22 Power Company and West Penn Power Company), Jersey Central Power and
23 Light Company in New Jersey, Monongahela Power Company in West Virginia

1 and The Potomac Edison Company in both West Virginia and Maryland. These
2 ten electric utility operating companies comprise one of the nation's largest
3 investor-owned electric systems, based on six million customers served within a
4 nearly 65,000 square-mile area of Ohio, Pennsylvania, New Jersey, West Virginia
5 and Maryland. FirstEnergy's goal is to develop cost effective EE&PDR solutions
6 that can, when appropriate, be consistently applied not only in Ohio, but also in
7 the other states within the FirstEnergy footprint. This approach enables
8 FirstEnergy customers to benefit from economies of scale and broader program
9 experiences.

10 **Q. PLEASE GENERALLY DESCRIBE THE COMPANIES.**

11 **A.** The Companies are each a wholly owned subsidiary of FirstEnergy. Ohio Edison
12 provides service to approximately one million electric utility customers in central
13 and northeastern Ohio; CEI, approximately 750,000 customers in and around the
14 Cleveland area; and Toledo Edison, approximately 310,000 customers in
15 northwest Ohio.

16 **Q. WHAT EE&PDR REQUIREMENTS APPLY TO THE COMPANIES?**

17 **A.** In Ohio, under Section 4928.66, Revised Code the Companies are obligated to
18 implement energy efficiency programs that achieve, and peak demand reduction
19 programs designed to achieve, certain benchmarks that increase year-after-year.
20 Company Witness Eberts discusses the Companies' EE & PDR targets included
21 in the EE&PDR portfolio plans that are the subject of this proceeding ("Proposed
22 Plans") in his testimony (Company Exhibit 2). The Public Utilities Commission
23 of Ohio ("Commission") also adopted rules, effective December 10, 2009, that,

1 among other things, establish a process for Commission review of each electric
2 utility's EE&PDR program portfolio plan and provide for recovery of compliance
3 costs. The Companies recover costs associated with energy efficiency and peak
4 demand reductions through their respective Riders DSE, which were already
5 approved by the Commission in Case No. 08-0935-EL-SSO. The Companies are
6 not proposing any changes to this cost recovery mechanism in this proceeding.

7 **Q. IN GENERAL, WHAT DO THE PROPOSED PLANS INCLUDE?**

8 **A.** The Commission's rules direct that an EE&PDR plan include a range of programs
9 that encourage innovation and market access for cost-effective EE&PDR
10 reduction for all customer classes. The Commission's rules require, among other
11 things, that the EE&PDR plan describe the following: (i) an assessment of
12 potential reductions from EE&PDR programs; (ii) stakeholder participation in
13 plan development; (iii) attempts to align and coordinate programs with other
14 public utilities' programs; (iv) existing programs; and (v) proposed programs.
15 The Proposed Plans address each of these areas.

16 The Companies also performed a benchmark assessment that updates their
17 benchmark report submitted in Case Nos. 09-1947-EL-POR, 09-1948-EL-POR
18 and 09-1949-EL-POR for the period January 1, 2010 through December 31, 2012
19 ("Existing Plans"), which was updated for this filing through April 24, 2012. The
20 energy and demand baselines and associated statutory benchmarks are described
21 in the Direct Testimony of Company Witness Eberts and also in Section 1.1 and
22 Tables 1-3 of the Companies respective updated Energy Efficiency ("EE") and
23 Peak Demand Reduction ("PDR") Plans (the "Proposed Plans"), which are

1 attached to the Application as Attachments A (Ohio Edison), B (CEI) and C
2 (Toledo Edison). A Market Potential Study was commissioned through Black &
3 Veatch Corporation and is included in Appendix D of the Proposed Plans.
4 Company Witness Fitzpatrick discusses the study in his testimony (Company
5 Exhibit 3).

6 **Q. WHAT IS THE REQUIRED TIMING FOR FILING THE COMPANIES'**
7 **PROPOSED PLANS?**

8 A. The Commission's rules required that the first EE&PDR plans for all Ohio
9 utilities be filed no later than December 31, 2009. The rules then require that
10 subsequent plans be filed every three years thereafter no later than April 15th.
11 However, by Commission directive in Case No. 12-814-EL-UNC, the
12 Commission ordered the Companies to submit their next EE&PDR Plans no later
13 than July 31, 2012. Consistent with this directive, the Companies are filing their
14 Proposed Plans included as Attachments A (Ohio Edison), B (CEI) and C (Toledo
15 Edison) to the Application. These plans are designed to be in effect for the period
16 January 1, 2013 through December 31, 2015 ("Plan Period.").

17 **THE COMPANIES' PROPOSED PLANS**

18 **Q. WHAT WERE THE COMPANIES' OVERALL OBJECTIVES WHEN**
19 **DEVELOPING THE PROPOSED PLANS?**

20 A. As when designing the Companies' EE&PDR plans currently in effect ("Existing
21 Plans"), the Companies, when developing the Proposed Plans, strived to design
22 plans that: (i) comply with statutory and regulatory requirements; (ii) include at

1 least one program for each of the major customer segments; and (iii) balance costs
2 with results. I believe the Proposed Plans accomplish each of these objectives.

3 **Q. PLEASE GENERALLY DESCRIBE THE COMPANIES' PROPOSED**
4 **PLANS BEING FILED IN THIS PROCEEDING.**

5 A. Each of the three Proposed Plans was designed in the same manner and generally
6 includes the same programs. As Company Witness Miller describes in his
7 testimony (Company Exhibit 4), the Proposed Plans are an extension of and
8 refinement to the plans currently in effect. Virtually all of the measures and
9 programs included in the Existing Plans are incorporated in some fashion in the
10 Proposed Plans. However measures have been added and programs from the
11 Existing Plans have been consolidated and reorganized in the Proposed Plans.
12 These changes leverage insights and experiences gained during the 2010 – 2012
13 plan cycle, as well as from programs offered by other FirstEnergy electric utilities
14 in other states. The changes also make the Proposed Plans more consistent with
15 FirstEnergy plans in the other states, thus creating economies of scale and more
16 common measurement and verification and other program management and
17 administration processes and procedures used by other FirstEnergy electric
18 utilities. We believe that the programs included in the Proposed Plans offer the
19 Companies the best opportunity to comply with the benchmarks as established in
20 Section 4928.66, Revised Code in a cost effective manner.

1 **Q. PLEASE DESCRIBE THE GENERAL PROCESS UTILIZED BY THE**
2 **COMPANIES WHEN DEVELOPING THE PROPOSED PLANS.**

3 A. Each of the three Proposed Plans was created using the same process, which is
4 described in more detail by Company Witness Miller. The primary contributors
5 to the process were both the internal FirstEnergy Program Development and
6 Program Implementation team (“Implementation Team”) overseen by me and the
7 FirstEnergy Ohio Collaborative, which is a group of interested parties that
8 represents various stakeholders (“Collaborative Group”).

9 **Q. PLEASE DESCRIBE THE IMPLEMENTATION TEAM AND ITS ROLE**
10 **IN THE DEVELOPMENT OF THE PLANS.**

11 A. The FirstEnergy Energy Efficiency Group is made up of more than 50 employees
12 with a broad spectrum of skills. This group is responsible for ensuring
13 compliance with all state and federal EE&PDR requirements and the successful
14 implementation of energy efficiency and peak demand reduction programs
15 offered throughout the FirstEnergy footprint. They also are responsible for
16 tracking and reporting EE&PDR results to management and as required by the
17 various state regulatory agencies. A more detailed description of this group, as
18 well as an organization chart, is included in Section 5.2 of the Proposed Plans.

19 The Implementation Team is a subgroup within the Energy Efficiency
20 Group. It is comprised of internal FirstEnergy employees and is primarily
21 responsible for the development of not only the Proposed Plans, but also other
22 EE&PDR plans offered by the Companies’ sister utilities in other states. When
23 practical, this Team designs programs consistently throughout the FirstEnergy

1 footprint in order to create economies of scale in both program administration and
2 measurement and verification activities. When designing EE&PDR plans, this
3 group relies not only on its expertise and experience, but also on the experience
4 and expertise brought by our major consultants, vendors and program
5 administrators, including Black & Veatch Corporation, ADM Associates, Inc.,
6 Honeywell International Inc., JACO Environmental, Power Direct and SAIC Inc.

7 **Q. PLEASE EXPLAIN THE OUTSIDE CONSULTANTS', VENDORS' AND**
8 **ADMINISTRATORS' ROLES IN THE DEVELOPMENT OF THE PLANS.**

9 **A.** Rule 4901:1-39-03(A), Ohio Administrative Code requires the Companies to
10 assess the market potential for EE&PDR programs prior to submitting the
11 Proposed Plans. FirstEnergy retained the services of Black & Veatch for this
12 purpose. Company Witness Fitzpatrick explains in his testimony (Company
13 Exhibit 3) the process used to develop the market potential study and the results
14 derived from the market potential study. In an effort to gain a broader
15 perspective, the Companies also reviewed the details of the programs included in
16 the Proposed Plans with their other consultants, vendors and administrators,
17 drawing on their expertise and experience in other states.

18 **Q. PLEASE DESCRIBE THE COLLABORATIVE PROCESS USED BY THE**
19 **COMPANIES DURING THE DEVELOPMENT OF THE PROPOSED**
20 **PLANS.**

21 **A.** The Collaborative Group was established prior to the Companies submitting the
22 Existing Plans back in 2009. One of the Companies primary goals during the
23 development process of the Proposed Plans was to improve our relationship with

1 the Collaborative Group and work to ensure that members recognized that they
2 were a valuable part of the process. We believe we accomplished that important
3 objective. The Collaborative Group met regularly from its inception through the
4 present to discuss issues involving the Existing Plans. The Companies shared
5 their thoughts on the programs and measures to be included in the Proposed Plans,
6 starting in September, 2011. They met with the Collaborative Group
7 subcommittees on November 15, 2011 and with the full collaborative on
8 December 19, 2011 to review preliminary thoughts on the Proposed Plans.
9 Another update on plan development and on the development of the market
10 potential study was provided during the Collaborative Group meeting held on
11 February 24, 2012. Modeling results were provided to the Collaborative Group
12 on June 29, 2012 and, on July 10, 2012, the Companies presented the almost final
13 results of both the Proposed Plans and the market potential study. At each of the
14 meetings, including the last one held on July 10th, the Companies solicited input
15 and suggestions on how the Proposed Plans could be improved. Based on
16 feedback received from the Collaborative Group, the Proposed Plans were
17 modified to remove the dishwasher measure and add a consumer electronics
18 measure. Some of the program descriptions were modified so as allow the
19 Companies to target special events for appliance recycling and to allow for direct
20 installation measures for the small commercial and industrial customers.
21 Collaborative Group input also led to the development of a school kit program
22 and the inclusion of mid stream consumer electronics programs and data centers
23 in customer applications. Based on feedback from the Collaborative Group, as

1 well as from parties in the 2009 Portfolio Case, modifications were also made to
2 the Companies' lighting programs.

3 **Q. IS IT POSSIBLE THAT THE PROGRAMS INCLUDED IN EACH OF**
4 **THE COMPANIES' PROPOSED PLANS MIGHT BE ADJUSTED**
5 **DURING THE PLAN PERIOD?**

6 A. Yes. The portfolio of programs should be viewed as the Companies' starting
7 point. It is anticipated that timely adjustments will be made based on feedback
8 from customers, the Collaborative Group, administrators, program managers, and
9 periodic program evaluations. The Companies will also monitor the market for
10 emerging technologies and discuss such potential with the Collaborative Group.

11 **Q. DO THE PLANS SATISFY THE FILING REQUIREMENTS IN THE**
12 **COMMISSION'S RULES FOR A PROGRAM PORTFOLIO PLAN?**

13 A. Yes. In Rule 4901:1-39-04(C), Ohio Administrative Code, the Commission set
14 forth the information required to be included in the Plans:

15 (1) An executive summary, including its assessment potential can be found in
16 Section 1.0 of the Proposed Plans and the Market Potential Study attached
17 as Appendix D to the Proposed Plans

18 (2) A description of stakeholder participation in program planning
19 development efforts is described above, and in Section 3.1.5 of the
20 Proposed Plans.

21 (3) A description of efforts to coordinate programs with other public utility
22 programs is described in Section 3.1.6 of the Proposed Plans.

1 (4) A description of existing programs is included in Sections 2.0 and 3.0 of
2 the Proposed Plans.

3 (5) A description of proposed programs is included in Sections 2.0 and 3.0 of
4 the Proposed Plans.

5 Company Witness Miller also discusses some of the measures that were
6 considered but not included in the Proposed Plans.

7 **Q. WHAT OTHER COMMISSION PROCEEDINGS DID THE COMPANIES**
8 **CONSIDER WHEN DEVELOPING THE PROPOSED PLANS?**

9 A. The Commission opened a docket in Case No. 09-512-GE-UNC to develop a
10 Technical Reference Manual (“TRM”), which has not yet been completed. The
11 Proposed Plans incorporated values as set forth in the draft TRM as currently
12 proposed. The Companies also factored in the results from their most recent
13 Electric Security Plan Case, Case No. 12-1230-EL-SSO (“ESP-3”), in which the
14 Community Connections program (referred to in the Proposed Plans as the Low
15 Income Program) and the Companies’ interruptible riders were both approved,
16 and in Case No. 09-1820-EL-ATA, where the Companies’ smart grid
17 modernization program was described and approved. Two additional programs
18 included in the Proposed Plans – the Transmission & Distribution Improvement
19 Program and the Mercantile Customer Program – will be addressed in separate
20 dockets that will be opened during the Plan Period. Company Witness Miller
21 describes each of these programs in more detail in his testimony.

22 Finally, the Companies considered the Commission’s proposed Portfolio
23 Plan template set forth in Case No. 09-714-EL-UNC. A final order has yet to be

1 issued in that proceeding. Therefore, while the Proposed Plans are not presented
2 exactly as suggested in the proposed template, they attempt to provide the
3 information in a format that most closely resembles that required by the template,
4 factoring in the costs that would need to be incurred to change systems to
5 accommodate the proposed template requirements.

6 **Q. HOW DO THE PROPOSED PLANS DIFFER FROM THE TEMPLATE**
7 **BEING CONSIDERED BY THE COMMISSION?**

8 **A.** The Commission’s proposed template describes seven “customer classifications”:
9 Residential, Residential Low-Income, Small Enterprise, Mercantile Self-Directed,
10 Mercantile-Utility, Government & Nonprofit and Transmission & Distribution.
11 As the Companies explained in their September 11, 2009 comments submitted in
12 Case No. 09-714-EL-UNC, the Companies’ customer accounting systems do not
13 track customer data in the manner needed to conform reporting precisely to these
14 classifications. Company Witness Eberts describes in his testimony (Company
15 Exhibit 2) how forecasted usage and costs, respectively, have been allocated to
16 customer sectors in a format intended to most closely resemble the draft
17 template’s classifications. Because the Commission has yet to issue a final order
18 in Case No. 09-714-EL-UNC, and in an effort to minimize costs to customers by
19 avoiding the need to modify accounting and billing systems and reclassify rate
20 schedules to fit within the seven proposed categories, the Companies utilized the
21 same format in the Proposed Plans as they used in the Existing Plans. Moreover,
22 such an approach retains consistency between the Existing Plans and Proposed
23 Plans. For these reasons, the Companies have asked the Commission for a waiver

1 of any rules to the degree any such rules would require information included in
2 the Proposed Plans to be presented in a format different from how it is presented
3 in those plans.

4 **PARTIAL YEAR SAVINGS IN PLANS**

5 **Q. ARE THERE ANY OTHER AREAS IN WHICH THE COMPANIES ARE**
6 **ASKING THE COMMISSION TO MODIFY ITS RULINGS?**

7 **A.** Yes. There is one. The Companies ask the Commission to allow the use of full
8 year rather than partial year savings in the year in which a program is launched.

9 **Q. WHY ARE THE COMPANIES ASKING THE COMMISSION TO**
10 **ALLOW FULL SAVINGS IN THE YEAR IN WHICH A PROGRAM IS**
11 **LAUNCHED?**

12 **A.** As Company Witness Fitzpatrick explains in his testimony, the use of partial year
13 savings significantly increases the costs of compliance and creates tracking
14 problems that could be avoided if the annualized savings approach is used.

15 **ADDITIONAL FEATURES AND PJM BIDDING STRATEGY**

16 **Q. ARE THERE ANY OTHER FEATURES INCLUDED IN THE PROPOSED**
17 **PLANS THAT ARE NOT IN THE EXISTING PLANS?**

18 **A.** Yes, one of which affects the calculations made under the Companies' Riders
19 DSE. While the Companies are not proposing modifications to these riders that
20 have already been approved by the Commission, the proposed shared savings
21 mechanism contemplates incentive proceeds flowing through these riders that
22 were not present in the Existing Plans. Unlike the Current Plans, the Proposed
23 Plans include a shared savings incentive mechanism that incents the Companies to

1 exceed their statutory benchmarks. Any incentive proceeds would also flow
2 through Rider DSE. Company Witness Demiray explains the incentive
3 mechanism in his testimony (Company Exhibit 5).

4 **Q. PLEASE EXPLAIN THE COMPANIES' PJM BIDDING STRATEGY.**

5 A. The Companies intend to bid eligible installed energy efficiency credits for which
6 it has ownership rights at the time of the PJM auctions, provided that these credits
7 are of scale, will meet PJM Measurement and Verification ("M&V") standards
8 and are included in an M&V plan approved by PJM.

9 **Q. PLEASE EXPLAIN THE STEPS TAKEN BY THE COMPANIES TO**
10 **OBTAIN OWNERSHIP RIGHTS IN ENERGY CREDITS GENERATED**
11 **BY THE COMPANIES' CUSTOMERS.**

12 A. Recently, the Companies modified all of their applications and program terms and
13 conditions in an effort to obtain more credits from their customers. Terms and
14 conditions for residential programs over which the Companies have control have
15 been modified to indicate that ownership of the energy credits will be
16 automatically transferred to the Companies upon participation by the customer in
17 the applicable program. Similarly, applications for commercial and industrial
18 ("C&I") programs have been pre-populated with the customer indicating that
19 ownership of the energy credits will be transferred to the Companies. Should the
20 customer desire to retain these rights, the customer must affirmatively change the
21 designation on the application.

22

23

1 **Q. ARE YOU AWARE OF THE COMMISSION’S RECENT DIRECTIVE IN**
2 **ESP-3 WHEREIN THE COMMISSION ORDERED THE COMPANIES TO**
3 **MAKE CUSTOMERS KNOWINGLY, AS A CONDITION OF**
4 **PARTICIPATION IN THE COMPANIES’ EE PROGRAMS, TENDER**
5 **OWNERSHIP OF THE CREDITS TO THE COMPANIES?**

6 A. Yes, I am. The Companies intend to implement the Commission’s directive by
7 the end of the third quarter of this year.

8 **Q. PLEASE DESCRIBE WHAT HURDLES MAY NEED TO BE**
9 **OVERCOME WHEN IMPLEMENTING THIS PROVISION OF THE**
10 **COMMISSION’S ORDER IN ESP-3.**

11 A. First, from a practical standpoint, there are certain programs that do not lend
12 themselves to having customers knowingly commit EE attributes. For example,
13 the Companies buy down the cost of CFLs in retail stores, such as Home Depot
14 and Sam’s Club. The Company has no control over when or by whom these are
15 purchased and they have no practical way to inform the customer of a prerequisite
16 such as that required by the Commission. Second, we believe that such a
17 directive can have a chilling effect on customer participation in the EE&PDR
18 programs which impacts the Companies’ ability to meet their EE&PDR targets.
19 This is based on feedback from customers in the past, as well as actual results in
20 other jurisdictions.

21

22

1 **Q. PLEASE EXPLAIN HOW YOU INTEND TO ADDRESS THE**
2 **COMMISSION’S DIRECTIVE FOR PROGRAMS, SUCH AS THE CFL**
3 **PROGRAM, OVER WHICH THE COMPANIES HAVE LITTLE**
4 **CONTROL.**

5 A. Because the Companies do not have standard terms and conditions for some of
6 their programs, the Companies will put a notice on their website, which would
7 indicate that if a customer takes advantage of offerings through such programs,
8 the energy credits generated through such participation will automatically pass to
9 the Companies. However, based upon discussions with FirstEnergy’s legal
10 counsel, it is unknown whether any such notice would be found to meet the
11 “knowingly” standard included in the Commission’s Order in ESP-3, especially if
12 the customer never visited the website. The Companies are requesting that the
13 approach described above be adopted by the Commission in this proceeding as
14 compliant with the provisions of the Commission’s Order in ESP-3 so that the
15 CFL program can go forward as proposed.

16 **Q. PLEASE EXPLAIN THE POTENTIAL CHILLING EFFECT THE**
17 **COMMISSION’S DIRECTIVE MAY HAVE ON CUSTOMER**
18 **PARTICIPATION.**

19 A. When the Companies were developing their contracts for commitment of
20 mercantile customer self direct program, the Companies originally included a
21 provision in the contract that would transfer all rights in any energy credits to the
22 Companies. Mercantile customers indicated that they would not participate in the
23 mercantile customer self direct program if this provision remained in the contract,

1 because they had no way of gauging the value of these credits. In Pennsylvania,
2 almost half of the commercial/industrial customers have opted to retain the rights
3 to their energy credits under terms similar to those we recently implemented in
4 Ohio. Further, the Companies recently undertook an effort to acquire Energy
5 Efficiency resources from customers who took part in the Companies' C&I
6 Equipment Program (Commercial Lighting) Program as part of its bidding into
7 the 2015/16 PJM BRA. Customers committed less than approximately 15% of
8 the total Energy Efficiency Resources generated by the program to the Companies
9 for purposes of PJM bidding, despite knowing that any proceeds would be used to
10 benefit all customers through lower overall program costs. If, indeed, customers
11 desire to retain ownership of these credits, and therefore are prohibited from
12 participating in EE programs based upon the Commission's directive, we believe
13 that compliance with statutory benchmarks may be jeopardized. The primary
14 purpose of the EE/PDR programs is to achieve the statutory benchmarks set forth
15 in Section 4928.66, Revised Code. Therefore, the Companies ask the
16 Commission to clarify in this proceeding that, should the Companies find that
17 they are having difficulty meeting their statutory EE&PDR targets as a result of
18 implementing the Commission's directive, the Companies would be permitted to
19 petition the Commission for a modification of that directive.

1 and gain a better understanding of how calculations were made, and how results
2 were derived. Given the need for a mandatory evidentiary hearing as required by
3 Rule 4901:1-39-04(E), Ohio Administrative Code, the Companies believe that the
4 shortening of the objection period by two weeks will allow the Commission
5 sufficient time in which to issue an Order in a time frame that allows the
6 Companies to finalize contracts with various program vendors and seamlessly
7 implement on January 1, 2013 the Proposed Plans as approved. Without these
8 contracts in place, or if the Commission does not issue an Order in 2012,
9 programs may have to be suspended, absent some sort of interim remedy
10 approved by the Commission.

11 **Q. GIVEN THAT MOST OF THE PROGRAMS ARE EXTENSIONS OF**
12 **ALREADY EXISTING PROGRAMS, WHY CANT THE COMPANIES**
13 **SIMPLY CONTINUE THE PROGRAMS UNTIL AN ORDER IS ISSUED**
14 **APPROVING THE PROPOSED PLANS?**

15 **A.** The Commission, in its Order approving the Existing Plans, rejected two
16 proposed programs included in the EE&PDR plans proposed in that case. In light
17 of this, the Companies are reluctant to enter into or extend contracts with vendors
18 and program administrators without the plans being approved. Moreover, the
19 Companies feel that launching new measures in existing programs or launching
20 new programs, only to perhaps have them rejected, could cause confusion in the
21 marketplace and create a negative feeling towards energy efficiency in general.
22 Finally, the Companies are bound by a Commission Order. The Order in the 2009

1 Portfolio Case approved the Existing Plans, which only are effective through
2 December 31, 2012.

3 **Q. ARE THE COMPANIES WED TO THE PROCEDURAL SCHEDULE**
4 **PROPOSED IN THE APPLICATION?**

5 A. No. The Companies are amenable to any procedural schedule that completes the
6 evidentiary hearing by the end of October.

7 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

8 A. Yes, it does.

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in

Case No(s). 12-2190-EL-POR, 12-2191-EL-POR, 12-2192-EL-POR

Summary: Testimony (Direct) of John C. Dargie - Company Exhibit 1 electronically filed by Ms. Carrie M Dunn on behalf of The Cleveland Electric Illuminating Company and Ohio Edison Company and The Toledo Edison Company