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October 26, 2012

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, Ohio 43215-3793

Re: Case No. 11-5201-EL-RDR

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PUCO

It is our understanding that the Public Utilities Commission of Ohio ("PUCO" or the "Commission") is considering disclosing an un-redacted version of a report prepared by Exeter Associates, Inc. ("Exeter") for this docket entitled *"Final Report Management/Performance Audit of the Alternative Energy Resource Rider of the FirstEnergy Ohio Utility companies For October 2009 Through December 31, 2011"* dated June 15, 2012. The purpose of this letter is to help inform the Commission of potential ramifications of releasing this report in un-redacted form so that it may weigh these ramifications along with the other factors raised by the parties in making a decision. In summary, for the reasons discussed below we believe that releasing the Exeter report in un-redacted form may result in harm to Ohio's ratepayers by discouraging prospective bidders from participating in future competitive procurements conducted by any utility in Ohio thereby creating less competition and in turn higher prices for renewable energy. We believe that this harm outweighs the benefit of releasing an un-redacted report to improve transparency.

By way of background, Navigant Consulting, Inc. ("Navigant") is a world-wide consulting company, listed on the NYSE, having a diverse practice including about 300 consultants working on projects in the energy industry. As such, Navigant has extensive experience working for clients which include public and government owned utilities, regulatory commissions, generation (both renewable and non-renewable) and transmission developers, financial institutions, investors, and other interested parties on scores of electric utility competitive procurements throughout the U.S. Having worked on such procurements from these myriad perspectives, we believe we bring a unique perspective to issues such as the one addressed herein. Relevant to this docket, Navigant has served as the Independent Evaluator ("IE") on the six regulated renewable procurements ("RFPs") performed for the

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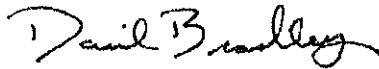
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- **Encouraging Market Participation**—Navigant has found the most successful markets are those that have successfully convinced a large number of bidders to participate in their markets. Publicly disclosing the identity of winning or non-winning bidders, ranges of prices received in bids, and prices of selected bids has a chilling effect on participation because participants are likely to believe disclosure of that information puts them at a competitive disadvantage in the marketplace compared to their competitors or in the context of business transactions with counterparties. In addition, there is no obvious compelling benefit in disclosing identities of either winning or non-winning bidders. Further, based on our experience, similar information is generally only disclosed in competitive procurements in other U.S. jurisdictions when a compelling reason has been shown. We are not aware of any such compelling reason for disclosure here.
- **Encouraging Market Competition**—Navigant believes it is incumbent upon the Commission to evaluate whether the information released would be contrary to the objective of encouraging and sustaining competitive bidding processes in Ohio. Bidders in general do not want their bidding data disclosed, as that could reveal their bidding strategies and valuations, and discourage them from participating in future procurements. Since bidders have become extremely sophisticated, disclosing details of bids could also allow bidders to discern bidding strategies of other bidders which can lead to gaming of future bidding processes, resulting in less than competitive outcomes.
- **Procedural Changes**—Bidders prefer to participate in markets with clearly defined rules and procedures and may be reluctant to participate in markets where there is perceived to be arbitrary rule changes. Most bidders consider their bid prices to be highly sensitive and competitive information. Their participation in markets can be decided upon the disclosure requirements in a particular market or jurisdiction.

We understand that one of the Commission's goals is to promote a strong and vibrant competitive renewables market. We also appreciate and understand that there will always be pressure on the Commission to promote the most transparent process possible. However, those objectives are at odds on this issue.

For the reasons discussed above, I recommend against the release of the Exeter report in an un-redacted form.

Sincerely,



Daniel Bradley
Director
Navigant Consulting

CC: Council of Record

Transmission Cover Sheet for Letter of Commentary to the PUCO

Date: October 26, 2012

Case Number: 11-5201-EL-RDR

Case Title: Final Report Management/Performance Audit of the Alternative Energy Resource Rider of the FirstEnergy Ohio Utility companies For October 2009 Through December 31, 2011

Document Description: The following document is letter of commentary regarding the potential release of confidential bidding information disclosed to Exeter Associates for their Management Audit of the Alternative Energy Resource Rider of the FirstEnergy Ohio Utility companies For October 2009 Through December 31, 2011.

Length: 2 pages

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