

Staff Review and Recommendations for Case Nos.

13-1188-EL-EEC

13-1189-EL-EEC

13-1190-EL-EEC

**Application of Ohio Edison Company,
Cleveland Electric Illuminating Company, and
The Toledo Edison Company
For Approval to Include
Transmission and Distribution Projects
In Partial Compliance with
Energy Efficiency Benchmark Requirements**

Summary of Filing

On May 15, 2013, Ohio Edison Company, Cleveland Electric Illuminating Company, and The Toledo Edison Company (Companies), submitted an application for Commission approval to include the efficiency gains resulting from certain transmission and distribution upgrade projects completed during 2012, in partial compliance with energy efficiency and demand reduction benchmarks required by Section 4928.66 of the Revised Code.

The application follows the same methodology used by the applicants in their December 15, 2010 application (Case No. 10-3023-EL-EEC, 10-3024-EL-EEC, and 10-3025-EL-EEC) and as used in their October 14, 2009 application (Case No. 09-0951-EL-EEC, 09-0952-EL-EEC, 09-0953-EL-EEC). The application provides a general description of the methodology used along with website links to technical industry applications and studies used to derive the claimed efficiency savings, as well as exhibits that establish each of the following: allocation factors and loss reductions, by company; loss factor calculation methodologies for transmission and distribution projects; summary listings and descriptions of transmission projects; and, summary listings and descriptions of distribution projects.

Staff's Review

The purpose of the Staff's review was to evaluate the efficiency savings that the Companies have claimed in their application and provide Staff's assessment about whether or not the claimed savings should be included as part of the Companies' compliance with the energy efficiency benchmarks set forth in R.C. 4928.66(A)(1)(a). The energy savings claimed for these projects, as described in the Companies' filing, showed a total annual contribution to energy efficiency requirements in 2012 of 32,298 megawatt hours (MWh), allocated as follows among the Companies: 15,442 MWh for Ohio Edison Company; 12,457 MWh for Cleveland Electric Illuminating Company; and 4,399 MWh for The Toledo Edison Company.

Staff concurs with the Companies that the projects were installed to enhance transmission and distribution system reliability due to load growth in specific service areas of the Companies. However, replacing the old facilities with the new facilities will result in a reduction in system

losses in the area, in addition to their intended improvements to overall system reliability and adequacy.

Staff reviewed all necessary engineering studies and confirmed that the energy savings claimed by the Companies in their application filing were properly determined. Projected facility lifetimes varied with the type of facility installed, but were reasonable. For the distribution projects, the impact of anticipated levels of load growth on energy efficiency gains achieved would be to cause a slight increase in efficiency gains over time. For the transmission projects, anticipated sustained positive load growth with no system configuration changes would result in efficiency gains being sustained over time.

Staff Recommendation

Based upon its review, the Staff believes that the transmission and distribution projects under consideration in this application meet the requirements for integration in the Companies' energy efficiency compliance plans. The information reviewed by Staff verified that the energy savings claimed in the application filing was appropriately determined.

Although the energy projects in the Companies' application include projects that were conducted by an affiliate of the Companies, rather than by the Companies themselves, Staff believes that it is appropriate to include the results of these projects in each Companies' compliance plan. It is not unusual for entities other than EDUs to conduct acceptable energy projects on non-EDU property. In fact, most projects are completed by parties other than the EDU on non-EDU property. Further, Section 4928.66(A)(2)(d) of the Ohio Revised Code clearly states that programs implemented by a utility may include transmission and distribution infrastructure improvements that reduce line losses. There is no concomitant requirement that the EDU must plan, develop, or even pay for, such transmission and distribution infrastructure improvements. The transmission and distribution projects under consideration in this application have been shown to provide a sustained reduction in line losses and improvements to the efficiency of utilization of electricity by the EDUs, and should properly be included in each EDU's compliance plan.

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06-January-2014

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

1/6/2014 11:48:19 AM

in

Case No(s). 13-1188-EL-EEC, 13-1189-EL-EEC, 13-1190-EL-EEC

Summary: Staff Review and Recommendation electronically filed by Raymond W. Strom on behalf of PUCO Staff