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 Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan.	))))))	Case No. 14-1297-EL-SSO

THIRD SUPPLEMENTAL DIRECT TESTIMONY OF STEPHEN E. BENNETT <u>ON BEHALF OF THE RETAIL ENERGY SUPPLY ASSOCIATION</u>

August 10, 2015

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INTRODUCTION

Q1. Please state your name and business address.

A1. My name is Stephen E. Bennett. My business address is 835 Hamilton Street, Allentown, PA 18101.

Q2. By whom are you employed and in what capacity?

A2. When the case commenced, I was employed by a subsidiary of PPL Corporation. During the pendency of this proceeding, PPL Corporation transferred its competitive energy business to the newly formed company, Talen Energy Corporation. I now serve as Senior Manager, Markets and Regulatory Policy for Talen Energy Corporation. Talen is a member of the Retail Energy Supply Association ("RESA"), and it is on RESA's behalf that I appear today.

Q3. Have you filed testimony on behalf of RESA in this Proceeding?

A3. Yes, on behalf of RESA, I filed direct testimony on December 22, 2014, which addressed the fourth electric security plan jointly proposed by The Cleveland Electric Illuminating Company, Ohio Edison Company and The Toledo Edison Company (the companies are collectively referred to as "FirstEnergy EDUs" and the plan is referred to as "FirstEnergy ESP IV"). That testimony was supplemented on March 2, 2014, to include issues arising out of a Stipulation which the FirstEnergy EDUs and twelve parties filed in December 2014. My supplemental testimony addressed utility time-of-use default rates and the Government Directives Recovery Rider ("Rider GCR"). The Stipulation reversed the Application position on utility time-of-use rates and modified Rider GCR.

On February 25, 2015, the Public Utilities Commission of Ohio ("Commission") issued a decision in AEP Ohio's third electric security plan proceeding and established criteria for ratepayer-guaranteed power purchase agreements. *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143, in the Form of an Electric Security Plan*, Case Nos. 13-2385-EL-SSO et al. Following the Commission's Opinion and Order in that case, the Attorney Examiner permitted witnesses to supplement their testimony in the FirstEnergy ESP IV case, in order to compare the FirstEnergy EDUs' proposed Retail Rate Stability Rider ("Rider RRS") with the AEP Ohio ESP III Opinion and Order. On May 11, 2015, I filed a second supplement to my testimony which compared the Commission's criteria to Rider RRS as presented in the Application.

Q4. Have recent events prompted the Attorney Examiner to allow witnesses to again supplement their testimony?

A4. Yes, on May 28, 2015, and again on June 4, 2015, the FirstEnergy EDUs amended the Stipulation to propose a pilot program to bypass Non-Market-Based Transmission charges and propose a new utility time-of-use program. The FirstEnergy EDUs also requested that the Economic Load Response Rider, which was to sunset with the May billing cycle in 2016, be maintained during the ESP IV period at the same rates of compensation to the customers, but the size of the authorized interruptible capacity be increased significantly.

PURPOSE OF THE THIRD SUPPLEMENTAL TESTIMONY

Q5. What is the purpose of your third supplemental testimony?

A5. I wish to address two topics presented by the two new amendments to the Stipulation:

(1) The pilot proposed as an alternative means for customers to obtain and pay for the services currently provided through the FirstEnergy EDUs' Non-Market Based Services Rider ("Rider NMB") presented in the Supplemental Stipulation and Recommendation; and

(2) The proposed Commercial High Load Factor Experimental Time-of-Use ("HLF TOU") rate proposal in the Second Supplemental Stipulation and Recommendation.

RIDER NMB RELATED ISSUES

Q6. Please describe what Non-Market-Based Transmission Services are directly billed by the FirstEnergy EDUs.

A6. The FirstEnergy EDUs, in their tariffs, correctly named a class of Regional Transmission expenses "Non-Market Based" transmission costs. The non-market-based transmission costs listed in Rider NMB are based on PJM Interconnection LLC ("PJM") charges as follows: PJM Schedule 1 (Scheduling, System Control and Dispatch Service); Schedule 1A (Transmission Owner Scheduling); Schedule 2 (Reactive Supply and Voltage control); Network Integrated Transmission Services; Schedule 11 (Transitional Market Expansion Charges); and Schedule 12 (Transmission Enhancement Charges). As the tariff name implies, the non-market-based fees are for services which are necessary to operate the regional transmission grid, but they lack transparency and predictability and cannot be hedged through market-based risk management processes or products.

All Suppliers, be they utilities or competitive retail electric service providers, cannot offer an alternative to these PJM services, cannot negotiate the amount or cost of the non-market-based transmission services to be provided, and cannot use market-based products to manage the cost risk of these services. Thus, RESA has supported proposals that allow the utility to bill all retail customers in its service area for the non-market-based transmission services on a non-bypassable basis. For example, the Commission has approved and RESA has supported similar riders in The Dayton Power and Light Company ESP II (Case Nos. 12-426-EL-SSO et al.), the Duke Energy Ohio, Inc. ESP III (Case Nos. 14-841-EL-SSO et al.), and the AEP Ohio ESP III (Case No. 13-2385-EL-SSO et al.).

Q7. Why has RESA supported the direct billing of Non-Market-Based Transmission fees?

A7. The charges in Rider NMB cannot be accurately predicted or hedged. Since a competitive retail electric service ("CRES") provider cannot affect, let alone control, the non-market-based transmission services, CRES providers must either offer a pass through for the non-market charges as PJM bills the CRES providers for them, or the CRES provider must try to estimate what it thinks the Non-Market-Based Transmission charges will be, often with the inclusion of a risk premium, and make that a price component in the CRES provider's fixed generation fee. Since CRES providers have no way to avoid use of these PJM services nor influence what PJM will charge for them, RESA thought a discreet, transparent charge for the non-marked-based charges, which is assessed by the utility with no markup and reviewed by the Commission, provides the retail customer with the best combination of information and cost. The Commission agrees with that approach, and the current Rider NMB has been in service since the FirstEnergy EDUs' ESP II (Case No. 10-388-EL-SSO).

Q8. Why would retail customers want to drop out of Rider NMB?

A8. Neither the Stipulation nor the testimony which supports the pilot program states the reason why customers would want the option to make Rider NMB by-passable. I can offer one possible reason why bypassing Rider NMB would be of interest to some customers. There is a significant difference between how PJM charges for the Non-Market-Based Transmission fees it bills the FirstEnergy EDUs, and how the FirstEnergy EDUs allocate that PJM-aggregated cost to what the individual customer pays via its tariff. Each of the PJM Non-Market-Based Transmission fees has its own allocation formula based on billing determinates supplied by the utility. Rider NMB, by contrast, has a single allocation formula based on customer class averages. This creates the possibility that retail customers with individual allocation factors below the FirstEnergy EDUs' class averages could be paying more than their individual usage would dictate.

Q9. Does RESA have a position on how the Non-Market-Based Transmission costs should be allocated among the FirstEnergy EDUs' retail customers?

A9. No. How to assign an aggregated cost to a large number of retail customers is a recognized challenge for utility regulators. The regulatory principles here are easy to articulate but difficult to implement. An oft-quoted ratemaking regulatory principle is that the cost of providing the service by the utility should be assigned to the retail customers based on the utility's cost to provide that service to the customer. This is often shortened to "customer cost allocation should be based on customer cost causation." From an economic stand point, it is hard to quarrel with that principle, but cost allocation based on cost causation can be hard to implement. Difficulties can arise when the data to determine cost causation is not available or when the data is overly expensive to gather and utilize to generate individual utility rates. To alleviate the difficulties, class averages or similar cost grouping techniques can be used when designing rates. That is what the FirstEnergy EDUs have done with Rider NMB.

Another ratemaking principle is gradualism. If the Commission is going to change the manner in which costs are allocated today and the shift causes a price spike for some customers, then the rate design change can be phased in.

The Stipulation amendment calling for a Rider NMB exemption pilot and the testimony supporting that request provide no information as to how many customers would drop out or the effect on the remaining customers. The FirstEnergy EDUs state that they have no projection or expectation of who will participate in the Rider NMB exemption pilot (see Attachment SEB-1, discovery response to RESA/EPSA/P3 Set 1-INT-15) or the pilot's impact on customers who are not participating in the pilot (see Attachment SEB-2, discovery response to Staff DR-33, question/answer 11). Further, the FirstEnergy EDUs affirmed in discovery that they have not analyzed/compared for any customer what the customer would be charged under the Rider NMB exemption pilot versus the charges the customer would incur if receiving the services under Rider NMB (see Attachment SEB-3, discovery response to RESA/ESPA/P3 Set 3-INT-5). At most, the FirstEnergy EDUs have stated that the eligible customers "may" have the opportunity to benefit by receiving savings and gaining knowledge from the pilot (see Attachment SEB-4, discovery response to RESA/EPSA/P3 Set 2-INT-4).

The FirstEnergy EDUs state that, if customers opt out of Rider NMB by signing up for the exemption pilot, then the allocation of costs (based on the average of the coincident peaks) in Rider NMB will change. More specifically, the "demand allocators used to calculate Rider NMB will change due to the fact that coincident peak demands of the Pilot participants, including distribution losses, for the months of June through September of the prior year, will no longer be included in the underlying calculation under the methodology described in the Companies' Application" (see Attachment SEB-5, discovery responses to OCC Set 15-INT-586 and OCC Set 15-INT-587). In addition, the

FirstEnergy EDUs acknowledged that, if the retail customers signing up for the Rider NMB exemption pilot are primarily those who will see a reduction in their costs for non-market-based transmission services, then the revenue reduction experienced by the FirstEnergy EDUs will be more than the reduction in the amount owed to PJM for non-market-based transmission services, all else being equal (see Attachment SEB-6, discovery response to RESA/EPSA/P3 Set 1-INT-16).

Further, neither the Stipulation amendment nor the testimony indicates how the contribution to each of the PJM non-market charges for each pilot member would be calculated and verified. Simply put, there is nothing I have seen in the record that would provide the Commission with the information needed to determine if the pilot was justified on a cost-causation basis or if it violated rate change gradualism.

Q10. Does RESA oppose a pilot to gather information on how non-market-based transmission costs should be allocated among retail customers?

A10. A properly structured pilot program would be one in which the difference between the current class average allocation system is compared to a system that uses the cost allocation parameters of individual customers. That will not be accomplished if the FirstEnergy EDUs merely projects the impact of the pilot participants leaving Rider NMB, and then trues up the difference by charging the remaining customers the difference. For the pilot to be fair, accurate, and successful, the Commission needs to see the outcomes associated with each cost allocation methodology, as well as the direct costs incurred by the FirstEnergy EDUs for allocating the charges based on the individual customer parameters rather than the class average parameters.

A properly designed pilot is one in which: (1) the hypothesis being tested is clearly stated; (2) the data collected and kept will aid in testing that hypothesis; (3) the test data is made available to the Commission for review and consideration; and (4) if a public benefit is found, the pilot can be up-scaled to all who want it. As proposed, the stipulation does not include any of these important pilot program design components. The FirstEnergy EDUs have stated that the Rider NMB exemption pilot cannot be up-scaled as only the customers identified in Section V.A.2 of the Supplemental Stipulation can participate (see Attachment SEB-7, discovery response OMAEG Set 7-INT-139).

If the Commission sees value in modifying Rider NMB to test improvements in how costs are allocated to individual customers, it could waive Rider NMB for a pilot program in which the FirstEnergy EDUs use individual customer energy and network demand parameters to allocate costs to a representative set of customers. Structured in this manner, the pilot would maintain the non-bypassability of Rider NMB for all customers, allocate costs for pilot participants based on their individual usage parameters, and allow Rider NMB to be assessed as to the remaining customers under the tariff formula in place today, adjusted for the costs charged to pilot program participants. Such a design would provide the Commission with all relevant price data, including any operational issues or financial costs of obtaining the individual customer allocation parameters. It would also put the Commission in a position to adjust the program if the ratemaking principle of gradualism was being violated.

Q11. If there is a non-market-based transmission fee pilot program, should Rider NMB be made bypassable for pilot participants?

A11. No. Implementing the Rider NMB pilot to improve the cost allocation mechanism for individual customers does not change or obviate the fact that the associated charges belong with the electric distribution utility ("EDU"). These charges remain administrative in nature without the requisite transparency or risk management techniques needed by market-based participants. Further support for maintaining the non-market-based charges as non-bypassable is clear when one considers that the Commission has approved non-bypassable riders for these charges for all of the Ohio EDUs. The FirstEnergy EDUs should be able to better structure an effective pilot program that tests the operational and financial feasibility of assessing customers for the non-market-based charges through their individual cost allocation parameters while maintaining the non-bypassable structure previously and widely approved by the Commission.

Q12. Are there any other issues with the Rider NMB pilot that you see?

A12. Yes, because the pilot is of potential value to individual retail customers, the manner in which customers are selected for participation in the pilot program must be fair and equitable. In addition, eligibility and limitations on participation in the pilot program should be based on the need for the pilot to include a representative and testable customer population. The Stipulation awards the right to participate in the program to those retail customers who either individually support the FirstEnergy EDUs' application or belong to a trade association that that supports or has withdrawn its opposition to the Application. It is not fair or equitable to assign participation in the pilot program based solely on whether the retail customer supports the FirstEnergy EDUs' Application.

HIGH LOAD FACTOR EXPERIMENTAL TIME OF USE RELATED ISSUES

Q13. What are your observations concerning the proposed HLF TOU Tariff proposal?

A13. RESA supports true time-of-use programs offered through the competitive marketplace. A true time-of-use program is one in which the customer's actual usage is metered in a way that allows accurate time-differentiated usage to be priced at the market price when the energy was used. True time-of-use programs can benefit all customers by reducing peak usage on the system without subsidies. In addition, a true time-of-use participant gets a mechanism to realize the market value of shifting usage to off-peak periods, but does not receive more than the market value of that shift. True time-of-use programs feature interval meters and pricing paradigms pegged to the pricing of power at the time-of-use.

What was troubling to me in reading the scant information provided in the Second Supplemental Stipulation and the supporting testimony was that no such description of actual time-of-use was presented. I expected to read about how the load is going to be metered and integrated among the various sites, how the price at the time-of-use is going to be captured and how the customer is going to be billed. My understanding of the proposal is that rather than using actual hourly usage and prices, assumptions and projections will be made based on the theory that a high-load factor customer will have significant off-peak usage. That may be true in part, but it is also true that a customer with a 100% load factor will be on the system for all the capacity setting peaks and the periods of high energy prices. High-load factor cannot in and of itself be automatically equated with time-of-use savings. To structure an effective program that will accrue the proper benefits to the system and to the customer, actual usage and actual cost of power at the time-of-use is needed.

Q14. Are there any other issues you observed?

A14. Yes, very extensive, and seemingly exclusive, eligibility criteria are proposed for the program. Neither the reasoning for nor the value of these criteria were explained in the Second Supplemental Stipulation or the testimony. The proposal is unclear as to why it is important that electrical use be predominately refrigeration. In discovery, the FirstEnergy EDUs claim that the refrigeration criterion "was included to contribute to a homogeneous participant pool" (see Attachment SEB-8, discovery response to RESA/EPSA/P3 Set 1-INT-40), but further stated that it is "not necessary for interpreting pilot results" (see Attachment SEB-9, discovery response to RESA/EPSA/P3 Set 2-INT-16). As a CRES provider, I am not aware of any reason for restricting time-of-use pricing to only refrigeration or any need for a time-of-use pricing offer to have a homogeneous participant pool. Moreover, the FirstEnergy EDUs stated that there is no certain percentage of refrigeration load (as a percentage of total load) that is required for eligibility (see Attachment SEB-10, discovery response to OCC Set 16-INT-599). It is also unclear why it is important that the customer have more than 30 sites and usage of 1.5 GWh. As I read the Second Supplemental Stipulation, the 1.5 GWh is not even necessary for continued eligibility for existing participants. The narrow criteria require further explanation. The Commission must ask the question: Are these criteria needed to assure feasibility of the novel program, or are they just a means of channeling a benefit to a preselected customer?

Q15. Does RESA support the High Load Factor Time-of-Use program as proposed?

A15. No. First, RESA generally does not support time-of-use product offerings from the EDU. RESA believes that Standard Service Offerings and other EDU-provided default service offerings should be structured as back-stop service only. Time-of-use and other time-differentiated product offerings are competitive services that are more efficiently and equitably provided by CRES providers. Second, as proposed, eligibility for the HLF TOU program seems too narrowly defined to be an appropriate EDU offering. Product differentiation and offerings for individual customers are best left to CRES providers. CRES providers are better positioned to work directly with individual customers, assess their unique energy usage, needs, and value drivers, and then provide customized product solutions to optimize customer value. Third, when CRES providers provide time-of-use products through the competitive market, the customers that choose those products accrue both the cost and benefit of the product itself. CRES providers' time-of-use products do not require customers that are ineligible for or simply do not choose to participate in the product offerings to subsidize or backfill costs incurred by the product itself. As proposed, the HLF TOU program's reliance on arbitrary and ambiguous time-differentiated pricing seems to leave the door open for ratepayers outside the program to make FirstEnergy whole for any shortfall between prices charged to the HFL TOU participant and costs incurred by the FirstEnergy EDUs for the service.

CONCLUSION

Q16. Do you have a recommendation for the Commission?

A16 Yes, since no causal connection between the ESP IV Application and the Rider NMB opt-out pilot has been provided, the Commission should defer the Rider NMB opt-out pilot and set up a separate hearing to consider the proposal. During that hearing, the Commission can assess whether a pilot program is worth exploring and, if so, what the goals and structure of the program should be. If the Commission decides that it is appropriate to go forward with a pilot program under the ESP IV application, then RESA suggests that Rider NMB remain non-bypassable for both pilot participants and all remaining customers. That is, the FirstEnergy EDUs should continue to bill all customers for the non-market-based charges on a non-bypassable basis whether the cost for those charges are allocated under individual usage and demand parameters or under existing class averages.

As for the HLF TOU Program, RESA recommends that the FirstEnergy EDUs forego the novel program altogether. Eligibility for the program is too narrowly restricted for it to be an appropriate EDU offering. Further, the structure of the program and the ambiguity of the time-differentiated pricing are such that it is unclear that the costs and benefits of the program will accrue only to the participant. If the FirstEnergy EDUs provide the interval data necessary to properly structure a true time-of-use program, then CRES providers will almost certainly offer more efficient time-of-use products to high load factor as well as other customers. If the Commission decides that it is appropriate to move forward with the novel program under the ESP IV application, then RESA suggests that the eligibility requirements be reassessed and untethered to a customer's position on FirstEnergy's ESP IV application, that the time-differentiated pricing be structured on real market prices at actual time-of-use, and that customers not participating in the program be held harmless from any program costs or pricing shortfalls. Further, if the Commission decides to move the program forward under these parameters, then RESA recommends that the FirstEnergy EDUs be ordered to hold an open bidding process to select a CRES provider to provide the time-of-use product and services.

Q17. Does this conclude your supplemental testimony?

A17. Yes, although I reserve the right to further supplement my testimony.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 10th day of August 2015.

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RESA/EPSA Set 1
As To Objection: Carrie M. Dunn
Witness: Eileen M. Mikkelsen

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RESPONSES TO REQUEST

RESA/EPSA Set 1 INT-15 Do the FirstEnergy Ohio Utilities expect retail customers who would pay more under the Supplemental Stipulation to PJM for non-market-based transmission services than what they pay FirstEnergy under the current tariff for non-market-based transmission services join the Rider NMB pilot program? If so, please explain the basis for that expectation.

Response: Objection. This request calls for speculation. Further, this request is vague and ambiguous as it relates to the term "services". Subject to and without waiving the foregoing objection, the Companies do not have a projection or expectation of who will participate in the Pilot program.

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PUCO –DR-33 NMB Pilot

1. How many potential IEU member customers could participate in the pilot program? How many of the potential customers do you expect to participate?
2. How many potential OEG member customers could participate in the pilot program? How many of the potential customers do you expect to participate?
3. For each potential pilot participant please provide the operating company they are served by and the rate schedule they are served under.
4. For each potential pilot participant please provide their monthly load and usage for the past 12 months.
5. For each potential customer (including NUCOR and MSC), provide the expected monthly load reduction they would expect to achieve during the time period PJM uses to calculate NSPL which utilized to assign the ATSI NITS revenue requirement.
6. For each rate schedule that includes potential pilot participants, how many non-participant customers will remain on Rider NMB, assuming all potential customers (IEU, etc) elect to participate?
7. For each rate schedule, what percentage of the load and usage (associated with the participants) would no longer be subject to Rider NMB?
8. What is the estimated cost of administrating this pilot?
9. What types of administration costs would the companies incur?
10. Who would pay for these costs?
11. Have you performed analysis to estimate the potential impacts to the customers not on the Pilot? If so, please provide?
12. Currently NITS is allocated to FE companies based on the companies NSPL during the PJM peak of the prior year, is that correct? So, for example, if you assume FE Ohio companies are currently allocated 90% of the ATSI NITS revenue requirement, how much would you expect that percentage to decrease once the potential participants are not included in FE Ohio load? Please provide the calculations starting with the actual percentage allocation amount that was used to allocate to the FirstEnergy Ohio companies for the NITS rate effective January 1, 2015.
13. Are RTEP costs also allocated based on NSPL? If so, then would RTEP costs and the allocation of the RTEP costs be impacted as well?
14. Please provide the FE Ohio peak load, as well as the date/time of the peak, that was used to allocate the NITS Rev Requirement in the current NMB filing.

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15. Please provide the load of the potential participants on the date the last NSPL was determined and used for the 2015 NITS rate?

Response:

1. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
2. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
3. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
4. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
5. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
6. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
7. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.
8. The Companies do not have an estimate for their cost of administering this Pilot program.
9. Examples of types of administrative activities could include, but would not be limited to: preparing the Rider NMB filings to exclude the Pilot program participants, coordinating with PJM to facilitate the Pilot program, and administering the return (recovery) of any refunds (costs) between participating

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and non-participating customers that are associated with the period prior to the Pilot program.

10. The Companies are not seeking recovery of any administrative costs associated with the Pilot program under Rider NMB or any other rider.

11. No.

12. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.

13. RTEP costs that have already been allocated to ATSI are further allocated to each of the Companies by NSPL. The allocation of total RTEP costs to each of the Companies would be impacted by the Pilot program as costs associated with Pilot participants would not be billed to the Companies.

14. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.

15. ***Subject to any objections, the requested information is Confidential*** and will be provided to the requesting party, provided that said party has executed a mutually agreeable protective agreement.

RESA/EPSA Set 3
Witness: Eileen M. Mikkelsen

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RESPONSES TO REQUEST

RESA/EPSA Set 3 INT-5 Have You conducted any analysis for any customer regarding the monthly or annual charges it would incur under the Rider NMB pilot versus the charges it would incur if not participating in the Rider NMB pilot. If so, please identify the date of each analysis and the customer or customers that were the subject to each analysis.

Response: No.

RESA/EPSA Set 2
Witness: Eileen M. Mikkelsen
As to Objections: Carrie M. Dunn

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RESPONSES TO REQUEST

RESA/EPSA Set 2 INT-4

(a) Do customers eligible for the Rider NMB Pilot have the opportunity to benefit by opting out of the Companies' Rider NMB? If so, what are those benefits?

(b) If other customers were eligible to be NMB Pilot participants (other than those identified on page 3 of the Supplemental Stipulation), would the benefits identified by the Companies in response to JT INT 2-4(a) be available to the other customers?

Response:

a) Objection. This request seeks information that is not in the Companies' possession, custody or control. Subject to and without waiving the foregoing objection, at a minimum, customers eligible for the Rider NMB Pilot may have the opportunity to benefit by receiving savings and gaining knowledge from the pilot.

b) Objection. The request is vague and ambiguous as to the terms "other customers" and "available to other customers". Moreover, this request seeks information that is not in the Companies' possession, custody or control.

OCC Set 15
Witness: Eileen M. Mikkelsen
As to Objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

OCC Set 15–INT-586 If Pilot Participant accounts opt out of Rider NMB, as set forth in paragraph V.A.2 of the Supplemental Stipulation, will it change the demand allocator percentages used to calculate the Rider NMB rates?

Response: Objection. The request is vague and ambiguous as to the term "demand allocator percentages used to calculate the Rider NMB rates". Subject to and without waiving the foregoing objection, and assuming that "demand allocator percentages used to calculate the Rider NMB rates" is referring to the cost allocation process for Rider NMB as described in the Companies' Application to allocate costs "to each tariff schedule for each Company based on the average of the coincident peaks, including distribution losses, for the months of June through September of the prior year", then the Companies' response is yes.

OCC Set 15
Witness: Eileen M. Mikkelsen
As to Objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

OCC Set 15– INT-587 If the answer to OCC INT-586 is affirmative, please describe how the demand allocator percentages used to calculate the Rider NMB will change.

Response: Objection. The request is vague and ambiguous as to the term "demand allocator percentages used to calculate the Rider NMB". Subject to and without waiving the foregoing objection, and assuming that "demand allocator percentages used to calculate the Rider NMB rates" is referring to the cost allocation process for Rider NMB as described in the Companies' Application to allocate costs "to each tariff schedule for each Company based on the average of the coincident peaks, including distribution losses, for the months of June through September of the prior year", then the Companies respond as follows: The demand allocators used to calculate Rider NMB will change due to the fact that coincident peak demands of the Pilot participants, including distribution losses, for the months of June through September of the prior year, will no longer be included in the underlying calculation, under the methodology described in the Companies' Application.

Attachment SEB-6

RESA/EPSA Set 1
As To Objection: Carrie M. Dunn
Witness: Eileen M. Mikkelsen

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

RESA/EPSA Set 1 INT-16 If the retail customers signing up for the Rider NMB pilot program are primarily those who will see a reduction in their cost for non-market-based transmission services, then won't the reduction in revenues collected by the Companies to pay PJM for non-market-based transmission services be more than the reduction in the amount owed PJM for non-market-based transmission services after the Pilot Program in in place?

Response: Objection. This request calls for speculation. This request is also vague and ambiguous as it relates to the term "primarily those who will see a reduction in their cost for non-market-based transmission services". Subject to and without waiving the foregoing objections, and assuming the Pilot participants as a whole would pay less under the Pilot program than they otherwise would under the then current Rider NMB, all else equal, yes.

OMAEG Set 7
Witness: Eileen M. Mikkelsen

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

OMAEG Set 7– INT-139 Is it possible for a customer who is neither expressly identified as a "Pilot Participant" nor a member of an organization that is identified as a "Pilot Participant[,]" as set forth in Section V.A.2 of the Stipulation, to benefit from opting out of the Companies' Rider NMB?

Response: Only customers identified in Section V.A.2 of the Supplemental Stipulation may participate.

RESA/EPSA Set 1
Witness: Eileen M. Mikkelsen
As to Objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

RESA/EPSA Set 1 INT-40 What is the purpose of limiting the Time of Use pilot program to just customers with refrigeration load?

Response: Objection. This request mischaracterizes the Second Supplemental Stipulation by stating "limiting the Time of Use pilot program to just customers with refrigeration load". Further, the request is vague and ambiguous as to the term "Time of Use pilot program". Subject to and without waiving the foregoing objections, and assuming that the request is referring to the Commercial HLF Experimental TOU rate proposed in the Second Supplemental Stipulation, the criterion was included to contribute to a homogeneous participant pool.

RESA/EPSA Set 2
Witness: Eileen M. Mikkelsen

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

RESA/EPSA Set 2 INT-16

In response to the Suppliers' JT INT-1-40, the Companies stated that limiting the Time of Use Pilot program to just customers with refrigeration load will "contribute to a homogeneous participant pool."

(a) Is a homogeneous participant pool desirable or necessary for the Time of Use Pilot program? Why?
(b) How many of the Companies' current customers have refrigeration as a major portion of their load?
(c) Of those customers identified in JT INT-2-16(b), how many of them meet the remaining eligibility requirements proposed for the Time of Use Pilot?

Response:

a) A homogeneous participant pool is desirable, but not necessary for interpreting pilot results, because it allows for more comparability among the participants in the pilot program.

b) Unknown

c) Please see the response to part b above and the response to OCC Set 15 INT 590.

OCC Set 16
Witness: Eileen M. Mikkelsen
As to Objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

OCC Set 16– INT-599 Is there a certain percentage of refrigeration load (as a percentage of total load) that is required to be eligible for proposed Rate HLF?

Response: Objection. The request is vague and ambiguous as to the term "Rate HLF". Subject to and without waiving the foregoing objection and assuming that the question is referring to the "Commercial High Load Factor ("HLF") Experimental Time-of-Use rate" as described in the Second Supplemental Stipulation and Recommendation, no.