

**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 Approval of Their) Case No. 16-0743-EL-POR
Energy Efficiency and Peak Demand)
Reduction Program Portfolio Plans for 2017)
through 2019)

SUPPLEMENTAL DIRECT TESTIMONY OF

EDWARD C. MILLER

ON BEHALF OF

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

INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Edward C. Miller, and my business address is 800 Cabin Hill Drive,
Greensburg, PA 15601.

**Q. ARE YOU THE SAME EDWARD C. MILLER WHO SUBMITTED
DIRECT TESTIMONY IN THIS PROCEEDING?**

A. Yes, I am. And, for purposes of consistency, I will use the same terminology in
my Supplemental Direct Testimony as defined in my Direct Testimony. Further,
unless otherwise stated in my Supplemental Direct Testimony, the information
regarding the Proposed Plans as presented in my Direct Testimony equally applies
to the Companies' Revised Energy Efficiency ("EE") and Peak Demand
Reduction ("PDR") Portfolio Plans ("Revised Plans").

**Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT
TESTIMONY?**

A. The purpose of my Supplemental Direct Testimony is to: (i) explain the changes
made to the Companies' Proposed Plans, which are reflected in the Revised Plans;
and (ii) support the settlement stipulation entered into between the Companies and
numerous intervening parties ("Stipulation"), which is being filed concurrent with
my Supplemental Direct Testimony.

**Q. HAVE ANY EVENTS OCCURRED SINCE THE FILING OF THE
PROPOSED PLANS THAT IMPACT THOSE PLANS?**

A. Yes. As I previously testified on page 7 of my Direct Testimony, the Commission
approved a stipulation in Case No. 14-1297-EL-SSO ("ESP IV Case") on March

1 31, 2016. There, the Companies made certain commitments, including one in
2 which the Companies would strive to achieve 800,000 MWh of energy savings on
3 an annual basis. The Proposed Plans were designed to achieve this goal with
4 budgets commensurate with the projected savings levels. However, on October
5 12, 2016, the Commission issued an entry on rehearing in the ESP IV Case in
6 which it stated: “[T]he Commission will clarify that the goal of 800,000 MWh of
7 energy efficiency savings annually . . . is simply a goal. The Companies are
8 expected in the energy efficiency program portfolio plans to budget for the annual
9 statutory energy efficiency mandate rather than the goal”.¹ Accordingly, the
10 Companies were required to modify the scope of the Proposed Plans. The
11 Companies’ Fourth Electric Security Plan as modified, approved, and adopted by
12 the Commission is identified in my Supplemental Direct Testimony as “Stipulated
13 ESP IV.”²

14 **MODIFICATIONS TO THE PROPOSED PLANS**

15 **Q. DID YOU OVERSEE THE MODIFICATIONS TO THE PROPOSED**
16 **PLANS?**

17 **A.** Yes, I did.

18 **Q. PLEASE GENERALLY DESCRIBE THE MODIFICATIONS TO THE**
19 **PROPOSED PLANS.**

20 **A.** As a preliminary matter, all of the modifications to the Proposed Plans are
21 reflected in redlined copies of those plans, which are attached as Exhibit B to the

¹ ESP IV Case, Fifth Entry on Rehearing, p. 147 (Oct. 12, 2016).

² In the event the EE/PDR determinations in the ESP IV Case are modified, altered, stayed, and/or reversed on further rehearing, appeal, and/or remand, a request to amend the Revised Plans may be filed with the Commission.

1 Stipulation and which constitute the Revised Plans. Once approved, the
2 Companies intend to file clean copies of the Revised Plans with the Commission.
3 To summarize the modifications, the Revised Plans are designed and budgeted to
4 achieve the statutory EE and PDR benchmarks, resulting in a budget decrease of
5 approximately \$55 million from that included in the Proposed Plans. Many of the
6 changes in the Revised Plans reflect a scaling down of the programs originally
7 included in the Proposed Plans to effectuate this budget reduction. Other changes
8 are the result of either the Stipulation, which I will discuss later in my testimony,
9 or other provisions included in Stipulated ESP IV. All of the programs included
10 in the Proposed Plans (which were described in my Direct Testimony at pages 17-
11 26) are also included in the Revised Plans, with the only changes to the program
12 offering being: (i) the removal of the New Homes subprogram from the
13 Residential Energy Efficient Homes Program; and (ii) the removal of the
14 continuous improvement offering from the C&I Energy Solutions for Business
15 Program – Large. And, while not necessarily changes to the plans, the
16 Companies, when finalizing the Revised Plans, made three minor adjustments to
17 the modeling assumptions.

18 Q. PLEASE DESCRIBE THOSE MODELING ASSUMPTION
19 ADJUSTMENTS.

20 A. The first modeling change reduces the estimated savings that will be generated
21 through the Appliance Turn-In subprogram—a change made at the request of an
22 intervening party. The second involves the inclusion of estimated natural gas
23 savings projected to be achieved through the use of smart thermostats, which

1 provides a more accurate estimate of the benefits associated with smart
2 thermostats. And, the third modeling change adjusts the per participant savings
3 assumptions for the Residential Behavioral subprogram as a result of the scaling
4 back of this program.

5 **Q. WHEN DESIGNING THE REVISED PLANS, DID THE COMPANIES USE**
6 **THE SAME BASELINES AND ASSOCIATED BENCHMARKS AS WERE**
7 **USED WHEN DESIGNING THE PROPOSED PLANS?**

8 **A.** No. While only slightly different and with no material impact, the Companies,
9 when designing the Revised Plans, used the modified baselines and associated
10 benchmarks as described in Witness Mullins' Amended Direct Testimony.

11 **Q. WAS THE SAME MARKET POTENTIAL STUDY THAT WAS USED TO**
12 **DEVELOP THE PROPOSED PLANS USED TO DEVELOP THE**
13 **REVISED PLANS?**

14 **A.** Yes, it was.

15 **Q. DO THE COMPANIES STILL INTEND TO RECOVER THE COSTS OF**
16 **THE REVISED PLANS THROUGH RIDER DSE?**

17 **A.** Yes, they do. That has not changed.

18 **Q. ON PAGES 9 AND 10 OF YOUR DIRECT TESTIMONY, YOU DESCRIBE**
19 **THE KEY FEATURES OF THE PROPOSED PLANS. HAVE THOSE**
20 **FEATURES CHANGED IN THE REVISED PLANS?**

21 **A.** Except for the reductions in projected energy savings and budget, the key features
22 of the Proposed Plans that I describe in my Direct Testimony equally apply to the
23 Revised Plans.

1 **Q. HOW MANY MEASURES DID THE COMPANIES INCLUDE IN THE**
2 **REVISED PLANS?**

3 **A.** Because several measures have been removed from the plans, the measure total is
4 now 89, instead of 92, as I originally noted on page 15 of my Direct Testimony.

5 **Q. DO THE REVISED PLANS PASS THE TOTAL RESOURCE COST TEST?**

6 **A.** Yes, they do. The Total Resource Cost Test score for Ohio Edison's Revised Plan
7 is 1.5; CEI's, 1.6; and Toledo Edison's, 1.6.

8 **Q. WHAT IS THE PROJECTED ACQUISITION COST PER KWH SAVED**
9 **FOR THE PROGRAM COSTS UNDER THE COMPANIES' REVISED**
10 **PLANS?**

11 **A.** The estimated acquisition cost per kWh saved for the programs under the
12 Companies' Revised Plans is approximately \$ 0.16 per kWh.

13 **Q. HOW DOES THIS COST PER KWH SAVED COMPARE TO THE**
14 **COMPANIES' PRIOR EE/PDR PLANS APPROVED BY THE**
15 **COMMISSION?**

16 **A.** The acquisition cost per kWh saved under the Revised Plans is quite comparable
17 not only to the Companies' prior EE/PDR plans approved by the Commission but
18 also within the range of estimated costs determined through other studies. The
19 acquisition cost per kWh saved under the Companies' Phase II EE/PDR Plans that
20 were approved by the Commission in 2013 was approximately \$0.20 per kWh;
21 while, under the Phase I plans, approved in 2011, that value was approximately
22 \$0.16 per kWh. I would note that neither of these values has been adjusted for
23 inflation, which, if they were, would result in higher values in 2016 dollars.

1 Further, both Lawrence Berkeley National Laboratory (“LBNL”) and the
2 American Council for an Energy Efficient Economy (“ACEEE”) published
3 studies in 2014 that analyzed this same metric. “Specifically, LBNL and ACEEE
4 both published studies in 2014 that defined this metric; LBNL found an average
5 acquisition cost of \$0.163 (2012\$, while ACEEE found an average acquisition
6 cost of \$0.23 (2011\$)”³

7 **Q. DO THE REVISED PLANS SATISFY THE FILING REQUIREMENTS IN**
8 **THE COMMISSION’S RULES FOR A PROGRAM PORTFOLIO PLAN?**

9 **A.** Yes. In Rule 4901:1-39-04(C), Ohio Administrative Code, the Commission set
10 forth the information required to be included in an EE/PDR plan. Below is a
11 summary as that rule pertains to the Revised Plans:

- 12 (1) An executive summary can be found in Section 1 of the Revised Plans,
13 and an assessment of market potential can be found in the 2016 Market
14 Potential Study attached as Appendix D to the Revised Plans;
- 15 (2) A description of stakeholder participation in program planning and
16 portfolio development efforts is described in my Direct Testimony, and in
17 Section 3.1.5 of the Revised Plans;
- 18 (3) A description of efforts to coordinate programs with other public utility
19 programs is described in Section 3.1.6 of the Revised Plans;
- 20 (4) A description of existing programs is included in Sections 2 and 3 of the
21 Revised Plans; and

³ Southeast Energy Efficiency Alliance, *Energy Efficiency Cost Considerations for State Compliance Plans: Barriers and Solutions: Strategies for Effectively Leveraging Energy Efficiency as an Environmental Compliance Tool*, p. 8 (July 2015, SEEA Resource Paper Series, Paper 5), available at <http://www.seealliance.org/wp-content/uploads/Resource-Paper-5-Energy-Efficiency-Costs-FINAL.pdf>. (last visited December 8, 2016).

1 (5) A description of proposed programs is included in Sections 2 and 3 of the
2 Revised Plans.

3 **Q. IN YOUR DIRECT TESTIMONY AT PAGE 15, YOU DISCUSS A**
4 **REQUEST BY THE COMPANIES FOR A WAIVER OF ANY RULES TO**
5 **THE DEGREE ANY SUCH RULES WOULD REQUIRE INFORMATION**
6 **INCLUDED IN THE PROPOSED PLANS TO BE PRESENTED IN A**
7 **FORMAT DIFFERENT FROM HOW IT IS PRESENTED IN THOSE**
8 **PLANS. ARE THE COMPANIES SEEKING A SIMILAR WAIVER FOR**
9 **THE REVISED PLANS?**

10 A. No. Inasmuch as the Commission never issued a final ruling on the EE/PDR
11 portfolio plan template as proposed in Case No. 09-714-EL-UNC and that docket
12 has since been closed, the Companies no longer see the need for such a waiver.

13 **STIPULATION**

14 **Q. ARE YOU FAMILIAR WITH THE STIPULATION AND HOW IT WAS**
15 **DEVELOPED?**

16 A. Yes, I am.

17 **Q. PLEASE GENERALLY DESCRIBE THE SETTLEMENT PROCESS.**

18 A. All parties in the case were invited to participate in the settlement discussions,
19 each of which was represented by experienced, competent counsel—many of
20 whom regularly participate in other EE/PDR portfolio cases and other regulatory
21 proceedings. The Companies first extended to each of the intervening parties who
22 submitted testimony in this proceeding an invitation to individually meet with the
23 Companies, either in person or via telephone, to discuss their initial objections to

1 the Proposed Plans and the changes that each would like to see made to those
2 plans. After numerous discussions with the individual parties, the Companies
3 developed a proposed settlement term sheet, which became the focal point for
4 settlement discussions. Subsequently, all intervening parties received numerous
5 iterations of the Stipulation and all were invited to participate in a number of
6 individual and joint settlement meetings with the Companies. After extensive
7 discussions and spirited debate in these meetings, a compromise was reached with
8 the signatory parties and documented in the Stipulation being presented to the
9 Commission for consideration and approval. These signatory parties (supporting
10 and non-opposing) represent a wide range of interests, including the low-income
11 residential advocate, several environmental advocates, an industrial energy
12 management consultant, a retail energy service provider, an energy technology
13 and analytics provider, a commercial consumer, and industrial advocates.

14 Q. **PLEASE GENERALLY DESCRIBE THE KEY PROVISIONS OF THE**
15 **STIPULATION.**

16 A. The Stipulation recommends that the Commission approve the Revised Plans.
17 While there are other provisions included in the Stipulation, the key provisions
18 can generally be categorized as: (i) programmatic changes; (ii) commitments to
19 the Collaborative members; and (iii) a one-time reduction to the shared savings
20 trigger.

21 Q. **PLEASE DESCRIBE THE PROGRAMMATIC CHANGES AGREED TO**
22 **IN THE STIPULATION.**

1 A. The Revised Plans reflect the following programmatic changes agreed to by the
2 signatory parties:

3 1. The Companies will no longer incent in any market segment non-
4 specialty Compact Fluorescent Light (“CFL”) lamps and will,
5 instead, prioritize Light Emitting Diode (“LED”) lighting.

6 2. LED bulbs will become the primary light bulb in the EE kit and
7 School Education offerings. No more than 2 specialty CFL bulbs
8 will be included in the EE kits, with the intent to transition to more
9 LED offerings, depending on cost and available budget.

10 3. The Companies reduced the EE kit subprogram budget by fourteen
11 percent (14%) and agreed to work with interested parties to target
12 low-income customers and communities for participation in the EE
13 kit offering. Further, the Companies agreed to target their
14 marketing materials for this subprogram to residential customers
15 who, according to the Companies’ records, did not receive EE kits
16 during the 2013-2016 Portfolio Plan period and, upon request, will
17 track and report to the Collaborative the amount of customers who
18 received an EE kit during the 2017-2019 Portfolio Plan period who
19 also received an EE kit during the 2013-2016 Portfolio Plan
20 period.

21 4. The Companies reduced the Residential Behavioral subprogram
22 budget by fifty percent (50%).

- 1 5. The Companies agreed to implement an integrated (one-stop-shop)
2 multifamily program offering that leverages the Residential and
3 Non-Residential Programs to target both basic and comprehensive
4 services for individually metered and master metered multifamily
5 properties. The Companies also committed to hold annual multi-
6 family program outreach activities across their respective service
7 territories.
- 8 6. The Companies agreed to implement a mid-stream or upstream
9 program approach for residential heat-pump water heaters, select
10 EnergyStar certified products (e.g., freezers, room air-
11 conditioners), and residential and non-residential circulation
12 pumps.
- 13 7. The Companies agreed to work with interested parties to increase
14 smart thermostat participation by 30,000 units during the Plan
15 Period through the Energy Efficient Products Program and to
16 conduct a detailed EM&V study to help inform the effectiveness of
17 the program and future program designs. In an effort to promote
18 this technology, the Companies also agreed to certain marketing
19 activities as detailed in the Stipulation.
- 20 8. The Companies agreed to investigate in 2017 the feasibility of a
21 geo-targeting pilot program, the findings of which will be reviewed
22 with interested members of the Collaborative Group.

- 1 9. The Residential Behavioral subprogram will be revised to include
2 customized energy usage reports for participating low-income
3 customers. These reports will include specific tips and
4 recommendations, as applicable, for conserving energy in low-
5 income homes and will provide other relevant program
6 information.
- 7 10. The Companies agreed to expand their EM&V plan in a manner
8 that will identify low-income customer participation and savings
9 generated through the residential program offerings, and to
10 consider those results when developing their marketing materials
11 in an effort to improve program outreach to that customer segment.
- 12 11. The \$500,000 per customer per year rebate cap in the Mercantile
13 Customer Program has been eliminated.
- 14 12. The Companies agreed to: (i) target and promote Combined Heat
15 and Power (“CHP”) installations under their C&I Energy Solutions
16 for Business Programs – Small and Large, Custom subprograms;
17 (ii) work with CHP and Waste Energy Recovery developers for
18 implementation; (iii) for CHP projects completed under the
19 Custom subprograms, increase the incentive floor to 3.5 cents per
20 kWh, subject to budget constraints and/or program requirements,
21 and increase the incentive cap up to 5.0 cents per kWh, which may
22 be paid at the Companies’ discretion over a period of 1 to 5 years;
23 (iv) remove the \$250,000 rebate cap on CHP projects processed

1 under the Companies' Mercantile Customer Program; and (v)
2 communicate these and other details/requirements to interested
3 parties.

4 13. The Companies revised their Audits & Education subprograms in
5 the C&I Energy Solutions for Business Programs, to allow for
6 targeted energy analysis and audits of individual processes or
7 systems. Customers served at or above the primary voltage level
8 may also apply for up to two targeted energy audits per building,
9 not to exceed four targeted energy audits per site. Further, the
10 Companies will pay up to 50% of the audit cost, plus up to the
11 remaining 50% of audit costs if audit recommended measures are
12 installed.

13 **Q. DO YOU BELIEVE THAT THESE PROGRAMMATIC CHANGES ARE**
14 **BENEFICIAL TO CONSUMERS AND IN THE PUBLIC INTEREST?**

15 A. Yes, I do. As a preliminary matter, most of the programmatic changes were made
16 at the request of various parties who represent specific customer segments or
17 public interest groups, like those represented by the environmental advocates.
18 Presumably those closest to these various interests would neither make, nor
19 accept, such recommendations for change without first weighing the benefits that
20 accrue to their respective constituencies should those changes be implemented.
21 More specifically, the following sets forth a non-exhaustive list of some key
22 benefits that result from the programmatic changes included in the Stipulation:

- 1 • By prioritizing LED lighting and not incenting standard CFL lighting, the
2 Companies are accelerating the market transformation to a technology that
3 has a longer useful life, is more efficient, and possesses other improved
4 features. This should improve customer satisfaction both with energy
5 efficiency in general and energy efficient lighting in particular. Further, as
6 the market shifts and demand grows, pricing for LED technology should
7 become more affordable. As a result, consumers will not only save money
8 when purchasing the product but will also benefit financially from the
9 longer life and increased energy savings associated with LED lighting.
10 Further, society as a whole benefits from accelerated market
11 transformation because of the resulting decreases in energy usage and any
12 deferred investment in generation and T&D resources.
- 13 • Other changes, such as the increase in smart thermostats and the
14 implementation of mid-stream and upstream incentives, should also
15 accelerate market transformation to more efficient technologies, providing
16 similar savings opportunities for consumers.
- 17 • Some of the other changes focus directly on the low-income sector.
18 Targeted marketing efforts and the gathering of more detailed low-income
19 participation information targets greater participation in energy efficiency
20 programs from the low-income sector. Creating more savings
21 opportunities for those in need is good for the individual customer because
22 it reduces their overall costs. Society also benefits when this market
23 segment consumes less energy because the amount of electricity that

would otherwise be paid for through low-income assistance programs, such as the Percentage of Income Payment Program, is reduced.

- Creating a one-stop shop for multi-family housing improves customer satisfaction by streamlining and simplifying participation in the program, thus mitigating potential barriers to participation and supporting increased energy savings for a market segment that is typically more difficult to reach. This change also improves opportunities to coordinate with other program offerings.
- Reductions in budgets for subprograms such as EE kits and Behavioral allows for smaller budget reductions in other programs, several of which are more comprehensive with measures that last longer.
- The changes made to energy audits provides participants the opportunity to focus on specific areas of their business they believe provide the best opportunity for cost savings. Offering targeted audits tailored to the specific needs of customers removes a potential barrier to participation, resulting in greater customer satisfaction and supporting the implementation of additional projects. As more projects are implemented, the financial health of the participating business should improve, which is good for the business (e.g., improved profitability), its employees (e.g., better job and financial security), and society in general (e.g., larger tax base, less unemployment).
- The CHP-related changes to the Custom subprogram provide several benefits to business customers First, the Companies' commitment to

1 clearly establish and communicate subprogram parameters and
2 requirements enables businesses to better understand the subprogram
3 which is important when considering and evaluating CHP projects.
4 Second, the increase in the incentive ranges will improve the financial
5 viability of these projects, encouraging the development of additional
6 projects. As these projects come on line, the financial health of
7 participating businesses improves which, again, is good for the business,
8 its employees, and society in general.

- 9 • The elimination of the per-customer cap under the Mercantile Customer
10 Program removes a potential barrier to participation, which should
11 increase the number of future projects. Removal of the per-customer cap
12 especially benefits customers such as hospitals, educational facilities,
13 national accounts, and other segments with multiple sites because it allows
14 greater incentives for projects at multiple sites, thus increasing the
15 financial viability of additional projects. The removal of the CHP per-
16 project cap in the Mercantile Customer Program will also improve the
17 financial viability of larger CHP projects (CHP projects are highly
18 variable in size and application) further encouraging their development.
19 Construction of these larger projects creates or preserves jobs. And, as
20 these projects come on line, they should improve the financial health of
21 the business, which, as already discussed, is beneficial to the business, its
22 employees, and society.

1 Q. PLEASE DESCRIBE THE COLLABORATIVE COMMITMENTS MADE
2 IN THE STIPULATION.

3 A. The following commitments to either the Collaborative as a whole, or its
4 members, were made in the Stipulation:

5 1. The Companies renewed their commitment to work with various
6 members of the Collaborative upon request through activities such
7 as participation in select conferences and energy efficiency
8 educational outreach events.

9 2. The Companies agreed that upon reasonable request, they will
10 provide requesting Collaborative members with a Company
11 contact who is knowledgeable about aspects of the Revised Plans
12 in which the requesting party is interested.

13 3. The Companies agreed to report to the Collaborative cleared
14 capacity after each base residual and incremental auction. The
15 Stipulation also outlines the Companies' other PJM related
16 commitments, which Witness Demiray addresses in more detail in
17 his Amended Direct Testimony.

18 4. In order to assist the Ohio Hospital Association with its Energy
19 Star benchmarking program, the Companies agreed to provide
20 member consumption information in electronic spreadsheet format,
21 subject to appropriate member authorizations.

22 5. The Companies agreed to assist Ohio Manufacturers' Association
23 Energy Group with mutually agreeable member outreach activities.

1 **Q. DO YOU BELIEVE THAT THESE COMMITMENTS ARE BENEFICIAL**
2 **TO CONSUMERS AND IN THE PUBLIC INTEREST?**

3 **A.** Yes, I do. These commitments reaffirm the Companies' philosophy and practice
4 of maintaining open communications with members of the Collaborative Group in
5 an ongoing effort to improve customer satisfaction and increase participation in
6 the Companies' EE and PDR programs. By participating in various outreach
7 activities, the Companies have additional opportunities to educate customers,
8 which should also increase participation in program offerings. Finally, open lines
9 of communication help avoid misunderstandings and conflict, which can be a
10 drain on time, money, and resources for all involved.

11 **Q. PLEASE DESCRIBE THE MODIFICATION TO THE SHARED SAVINGS**
12 **TRIGGER THAT IS INCLUDED IN THE STIPULATION.**

13 **A.** The Companies filed the Proposed Plans in April 2016 with an initial hearing date
14 scheduled for July 2016. Through no fault of the Companies, that schedule was
15 postponed on several occasions. Because the hearing is currently scheduled for
16 mid-December 2016, it is unlikely that the Commission will issue its order in time
17 for the Companies to launch all of their programs in early January 2017.
18 Moreover, because of this delay and the uncertainty surrounding the approval of
19 the Revised Plans, the Companies cannot finalize agreements with all of their
20 program vendors prior to such approval. Once the Revised Plans are approved, a
21 three-month "ramp up" is generally anticipated before the launch many of the
22 programs. As a result of these delays, the Companies' ability to achieve the
23 statutory benchmarks in 2017 without relying on the excess energy savings

1 accumulated and banked during the previous plan periods is unlikely. As such,
2 there would be little incentive to achieve and exceed the statutory benchmarks
3 through new energy savings created in 2017. The signatory parties realized this
4 fact and, in recognition that the delays were not the Companies' fault and in order
5 to encourage the Companies to try to achieve and exceed the statutory
6 benchmarks through *new* energy efficiency savings (rather than banked savings),
7 the parties agreed that each Company's shared savings trigger should be reduced
8 by 14% for the 2017 program year.

9 **Q. HOW DID THE PARTIES ARRIVE AT A 14% REDUCTION IN THE 2017**
10 **SHARED SAVINGS TRIGGER?**

11 **A.** The parties estimated that the delay to the procedural schedule will cause the
12 Companies to lose the opportunity to achieve at least 75 GWh of energy
13 efficiency savings, which translates to approximately 14% of their annual
14 statutory energy efficiency benchmark.

15 **Q. DO YOU BELIEVE THAT THE CHANGE MADE TO THE 2017 SHARED**
16 **SAVING TRIGGER IS BENEFICIAL TO CONSUMERS AND IN THE**
17 **PUBLIC INTEREST?**

18 **A.** Yes, I do. As I explained, with the procedural delay of approximately five
19 months and the anticipated timeline in which the Commission will issue its Order,
20 it is unlikely that the Companies can achieve the statutory targets without the use
21 of their banked savings. By reducing the threshold to earn shared savings in
22 2017, the Companies at least have an incentive to try to achieve those targets
23 through the creation of new energy savings. In so doing, there are at least two

1 positive results. First, additional new energy savings not yet achieved will be
2 created through the programs. New savings achieved savings achieved delay the
3 need for other utility investment, resulting in lower costs to customers and less
4 environmental emissions. And, second, the use of the bank can be deferred to a
5 period when the cost of statutory compliance will be greater. As the lowest cost
6 options (or low hanging fruit) become exhausted, the cost of compliance will
7 increase. The banked savings is a natural hedge against increased costs of
8 compliance in the future. Deferring the need to use the bank provides a tool to
9 mitigate future rate increases and allows for rate gradualism.

10 **Q. ARE THERE ANY OTHER BENEFITS ARISING FROM THE**
11 **STIPULATION?**

12 A. Yes. The Stipulation resolves all issues with the vast majority of the parties,
13 thereby reducing the scope of the litigation and creating judicial economy. As a
14 result, all parties, as well as the Commission, conserve time, money, and
15 resources.

16 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT**
17 **TESTIMONY?**

18 A. Yes, it does.

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Summary: Testimony - Supplemental Direct Testimony of Edward C. Miller electronically filed by Ms. Erika Ostrowski on behalf of The Cleveland Electric Illuminating Company and Ohio Edison Company and The Toledo Edison Company