

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application for)	
Approval of Transmission and Distribution)	Case Nos. 17-1222-EL-EEC
Projects of Ohio Edison Company, The)	17-1223-EL-EEC
Cleveland Electric Illuminating Company,)	17-1224-EL-EEC
and The Toledo Edison Company)	

**REVIEW AND RECOMMENDATION
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Summary of Filing

R.C. 4928.66 imposes certain annual energy efficiency and peak demand reduction requirements upon Ohio’s electric distribution utilities (EDUs). R.C. 4928.66(A)(2)(d) provides that programs implemented by an EDU to meet the statutory reduction requirements may include transmission and distribution infrastructure improvements that reduce line losses.

Pursuant to Ohio Adm.Code 4901:1-39-04, on May 15, 2017, Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (Companies), submitted an application for Public Utilities Commission of Ohio (Commission) approval to include the efficiency gains resulting from certain transmission and distribution upgrade projects completed during 2016 toward the Companies’ 2016 energy efficiency and demand reduction benchmarks required by R.C. 4928.66.

The Companies’ application follows the same methodology used by the Companies in all their previous applications, starting with the first applications submitted December 15, 2010 (Case Nos. 10-3023-EL-EEC, 10-3024-EL-EEC, and 10-3025-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

Staff evaluated the Companies’ claimed efficiency savings and assessed whether or not these 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 2016 of 34,581 megawatt hours (MWhs). The Companies’ reported

energy savings in their application were off by 1 MW due to rounding in an Excel spreadsheet. The following chart displays the energy savings by company.

**2016 Total Transmission and Distribution System Annualized Energy Savings
(in MWHs)**

	Ohio Edison	Cleveland Electric Illuminating	Toledo Edison
Transmission	21,462	5,853	5,203
Distribution	247	1,241	574
Total	21,709	7,094	5,777

Staff concurs with the Companies that the projects enhanced transmission and distribution system reliability in specific service areas of the Companies. Replacing the old facilities with the new facilities also resulted in a reduction in system losses.

Staff consulted with the Companies and reviewed all necessary engineering studies and confirmed that the energy savings claimed by the Companies in their application filing were properly determined. For both distribution and transmission projects, the impact of these projects will also result in reduced energy losses due to anticipated future load growth and will result in these energy 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 of the Companies' compliance plans. 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, R.C. 4928.66(A)(2)(d) 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 efficient utilization of electricity by the EDUs, and should properly be included in each EDU's compliance plan.

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Case No(s). 17-1222-EL-EEC, 17-1223-EL-EEC, 17-1224-EL-EEC

Summary: Staff Review and Recommendation electronically filed by Mr. Jason Cross on behalf of Commission Staff