

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Edison Company, The Cleveland Electric) Case No. 20-0050-EL-ATA
Illuminating Company, and The Toledo)
Edison Company for Approval of Time-)
Varying Rates)

**REPLY COMMENTS
BY
OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING
COMPANY, AND THE TOLEDO EDISON COMPANY**

Christine E. Watchorn (0075919)
FIRSTENERGY SERVICE COMPANY
100 East Broad Street, Suite 2225
Columbus, Ohio 43215
P: (614) 437-0183
cwatchorn@firstenergycorp.com

*One of the Attorneys for Ohio Edison Company, The
Cleveland Electric Illuminating Company, and The
Toledo Edison Company*

I. INTRODUCTION

On January 17, 2020, Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively the “Companies”) submitted their application to modify their Generation Service Rider to provide a time-varying rate offering for residential non-shopping customers and to expand the eligibility of the Companies’ existing time-varying rate offering to non-residential non-shopping customers (the “Application”). The Companies proposed these time-varying rate offerings as provided for in their Grid Modernization I case (“Grid Mod I”)¹ and after consultation with the Grid Mod Collaborative group.

Every party to Grid Mod I and every person or entity who has participated in the Grid Mod Collaborative had the opportunity to understand and comment upon the background, purpose, and rationale underlying the Companies’ time-varying rate proposal, as well as how it fits into, but is just one piece of, the Companies’ approved Grid Mod I plan. Considering this, it is not surprising that only one set of comments was filed in response to the Companies’ Application.²

In addition, on February 21, 2020, Staff filed their Review and Recommendations regarding the Application.³ Staff recommended approval of the Application, with only minor typographical changes, and asked the Commission to direct the Companies to submit a customer education and marketing plan for discussion and approval.⁴ Staff concluded that “the proposed TVR structure for residential customers [is] reasonable”⁵ and that it “is transparent and easy to understand, provides participating customers with possible savings opportunities, and tends to

¹ See Case No. 16-481-EL-UNC, *et al.* (7/17/2019) Opinion and Order at ¶ 38.

² Comments by The Office of the Ohio Consumers’ Counsel (“OCC Comments”) (2/21/2020).

³ Staff’s Review and Recommendations Regarding the Application Filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of New Tariff Language Regarding the Time-Varying Rate in Case No. 20-0050-EL-ATA (“Staff’s Review and Recommendations”) (2/21/2020).

⁴ Staff’s Review and Recommendations at 1.

⁵ *Id.* at 3.

benefit all customers in the form of providing incentives to reduce peak demand during more expensive time periods.”⁶ Staff observed that the Companies’ “rate design provides customers with an incentive to shift at least some of their consumption from the midday-peak to off-peak time blocks, resulting in lower customer utility bills, and a relatively flatter total demand on the system.”⁷

The Companies request that the Commission adopt the recommendations of Staff, approve the Companies’ Application, and, for the reasons set forth below, decline to implement the comments submitted by The Office of the Ohio Consumers’ Counsel (“OCC”).

II. REPLY COMMENTS

A. **The Companies’ Application Provides Ample Justification and Transparency, and It Was Informed by Stakeholder Feedback through the Grid Mod Collaborative.**

OCC argues that the Companies’ Application provides limited information and is not sufficiently transparent.⁸ By contrast, Staff concluded that “the proposed TVR structure for residential customers [is] reasonable”⁹ and that it “is transparent and easy to understand, provides participating customers with possible savings opportunities, and tends to benefit all customers in the form of providing incentives to reduce peak demand during more expensive time periods.”¹⁰ The Commission should adopt Staff’s view and find that the Application is both reasonable and transparent.

As a party to Grid Mod I and a participant in the Companies’ Grid Mod Collaborative, OCC has received detailed information underlying the Companies’ time-varying rate offering, has

⁶ *Id.* at 4.

⁷ *Id.*

⁸ OCC Comments at 2.

⁹ Staff’s Review and Recommendations at 3 (emphasis added).

¹⁰ *Id.* at 4 (emphasis added).

received all materials provided and explained by the Companies during a Collaborative meeting and follow-up meetings among Collaborative members (including OCC), and has had the chance to inquire of the Companies' representatives about the time-varying rate proposal. Additionally, OCC propounded discovery upon the Companies, to which the Companies responded. Nevertheless, OCC complains that the Companies have not provided enough information to support the time-varying rate proposal. OCC then attaches 66 pages of the Companies' documents¹¹ and 41 pages of the Companies' discovery responses¹² to their Comments. The attachments show, among other things, the efforts the Companies undertook to inform stakeholders and solicit their feedback regarding the time-varying rate proposal through the Grid Mod Collaborative, as well as the background information and rationale that the Companies used to determine elements of the proposal, including the midday peak, shoulder peak, and off-peak periods.¹³ Moreover, the Companies' Application follows the recommended format for Applications for Tariff Approval ("ATA") filings and uses the Commission's standardized form. ATA filings need not, and should not, include the extensive detail OCC is seeking, such as marketing plans and customer education strategies, calculations of customer benefits, and implementation timelines. This is particularly true here, where the Companies anticipate additional discussions with Staff and the Grid Mod Collaborative regarding these topics.

B. OCC's Comments Regarding the Benefits of the Companies' Time-Varying Rate Proposal Are Based upon Flawed Premises.

OCC argues that the Companies must show that their proposed time-varying rate for residential customers will achieve the savings projected in the Companies' cost benefit analysis

¹¹ OCC Comments at Attachment A.

¹² OCC Comments at Attachment B.

¹³ *See, e.g.*, OCC Comments at Attachment A.

from Grid Mod I.¹⁴ However, OCC misapprehends the impact of the time-varying rate proposal. OCC might be suggesting that the Companies' time-varying rate proposal should deliver most or all of the benefits of the entire Grid Mod I program.¹⁵ For example, OCC references the Companies' projected savings versus projected costs for Grid Mod I¹⁶ and states that the Commission found that the Companies' "commitment to offer a time-varying rate" would be "[o]f significant benefit."¹⁷ But the Companies' projected savings and costs to which OCC refers were for the total Grid Mod I project – not solely for time-varying rates. And while the Commission concluded that time-varying rates would "be of significant benefit," it did not conclude that time-varying rates were a primary driver of the overall benefits of Grid Mod I, as OCC seems to be suggesting. In fact, the Commission went on to note that the Companies only intended their time-varying rates "to act as an interim measure until such time [as] the competitive market develops its own alternative and comparable products."¹⁸

Even if OCC is suggesting that the Companies' Application must demonstrate that the Companies' time-varying rate offerings achieve the projected benefits associated with time-varying rates under Grid Mod I, OCC is overlooking a few important points. First, the benefits of time-varying rates that are enabled by the Companies' Grid Mod I investments include not just the Companies' offering for non-shopping customers, but also the benefits of time-varying rate offerings from CRES providers. Second, in Grid Mod I, the Companies appropriately and conservatively assumed that it would take time for time-varying rate benefits to be realized, and the Companies' proposal is in line with this assumption. Third, the Companies' proposal satisfies

¹⁴ OCC Comments at 3-7.

¹⁵ *Id.* at 4-5.

¹⁶ *Id.* at 4.

¹⁷ *Id.*

¹⁸ Case No. 16-481-EL-UNC, et al. (7/17/2019) Opinion and Order at ¶110 (internal citation omitted).

their commitment in the Grid Mod I stipulation, which required the Companies to propose a time-varying rate for non-shopping customers that is “designed to achieve the energy and capacity savings detailed in the cost-benefit analysis...”¹⁹ The Companies have done exactly that, as their proposal in this case is designed in a manner consistent with the studies used as the basis for the Companies’ estimated energy and capacity savings in the Grid Mod I case.

OCC contradicts its own arguments by first noting that time-of-use rates will allow customers to lower their energy usage and reduce demand “over the next 20 years, thus resulting in the projected benefits”²⁰ but then also insisting that “[i]t is time for [the Companies] to deliver the promised benefits.”²¹

OCC further argues that some of the savings from participation in residential time-varying rates will be eliminated because the Companies will recoup those savings from other customers in the form of lost revenues.²² OCC’s argument disregards the fact that customers who elect to participate in the Companies’ time-varying rate offerings not only have the opportunity to shift their load, but also to reduce their energy consumption. Where residential customers participating in a time-varying rate reduce their load, the Companies will realize a reduced purchase power expense, which in turn will result in a decreased amount to be reconciled through Rider GCR, to the benefit of all non-shopping customers.

C. OCC’s Proposed Requirements for Customer Bills are Premature.

OCC states its opinion about additional information that it believes should be included on customers’ bills and asks the Commission to impose specific requirements on the Companies based on OCC’s input alone and without regard to what the Companies would propose or what Staff

¹⁹ Grid Mod I (11/9/2018) Stipulation and Recommendation (“Grid Mod I Stipulation”) at 17.

²⁰ OCC Comments at 4-5.

²¹ *Id.* at 5.

²² *Id.* at 6.

would recommend.²³ Further, the Grid Mod Collaborative, including numerous other stakeholders, has not yet had an opportunity to consider and discuss customer bills. OCC's requests are premature.

D. As Stated in the Proposed Tariff, and as the Companies Plainly Indicated in Their Discovery Responses, Residential Customers Will Not Be Placed on the Residential Time of Use Rates without Affirmatively Opting Into those Rates.

OCC proposes that the Companies' time of use rates should only apply to residential customers who affirmatively enroll in the program.²⁴ OCC's concern is misplaced. As OCC acknowledges,²⁵ the Companies' proposed tariff rates will apply to: "customers with [an] advanced [] meter installed by the Company who elect to be served under the Time-of-Day Option (Residential). . . ."²⁶ And, as OCC further acknowledges, the Companies' discovery responses confirm that customers must affirmatively opt-in to the residential time of use rates.²⁷

E. The Companies Will Work with Staff and the Grid Mod Collaborative Regarding Customer Education and Marketing.

Mischaracterizing the Companies' answer to an irrelevant and premature discovery request, OCC argues that the Companies "apparently have no plan" for how to educate their customers about the time-varying rates and that they have "not even begun to consider how [they] will market those rates to customers."²⁸ What the Companies indicated in discovery (subject to objections) is that the process by which the Companies intend to inform residential customers about the availability of the residential time-varying rates "will depend on the terms and conditions

²³ *Id.* at 7-8 and 10-11.

²⁴ *Id.* at 8.

²⁵ *Id.*

²⁶ *See* Application at Exhibit B (emphasis added).

²⁷ OCC Comments at 8. *See also*, OCC Comments at Attachment B, page 22 of 41, where the OCC asked: "Will any residential customer be placed on the Residential TOU Rates without affirmatively opting in to the Residential TOU Rates Option?" The Companies' response was: "No."

²⁸ OCC Comments at 9.

of the Commission’s approval of the tariff.”²⁹ Further, “[a]dditional information may be available through participation in the Companies’ Grid Mod Collaborative group.”³⁰ Thus, the Companies’ marketing and education plan cannot be fully developed until the proposed time-varying rate is approved by the Commission. Further, the Companies anticipate discussing customer education and marketing with Staff³¹ and the Grid Mod Collaborative to obtain stakeholder feedback. As noted above, a full-blown customer education and marketing plan is rarely (if ever) submitted with an ATA filing.

The Companies recognize that customers need to understand the time-varying rate offering so they can make informed choices about whether or not to voluntarily participate. However, it is premature to have a fully developed program at this stage in the process – where the Commission has not yet approved the Companies’ tariff and where the Grid Mod Collaborative has not yet provided feedback on any customer education program. Further, the Companies intend to strike a careful balance between the type of program OCC may be envisioning, and the costs to implement, administer, and market the program that are recovered from customers, in a manner that not only educates and informs customers, but also provides all customers with the best value.

F. OCC’s Proposed Requirements for Customer Bills Are Premature.

For the reasons set forth in Section C, above, OCC’s comments and requests are premature.

G. The Commission Should Decline to Impose Bill Limitation Guarantees.

OCC asks the Commission to “adopt consumer protections to ease the transition for residential customers participating in time-of-use rates and to help build customer acceptance in using time-of-use rates.”³² Specifically, OCC wants the Commission to require the Companies to

²⁹ OCC Comments at Attachment B, Page 17 of 41 (OCC Set 1-INT-016).

³⁰ *Id.*

³¹ *See also*, Staff Review and Recommendation at 1, 4.

³² OCC Comments at 11.

track the amount that customers saved or lost compared to SSO rates.³³ As explained above, the Companies anticipate that the type and content of customer education and marketing will be discussed with the Grid Mod Collaborative, rather than be imposed upon the Companies based upon OCC's input alone. OCC also asks the Commission to require the Companies to provide "certain bill guarantees"³⁴ to customers so that for some time period,³⁵ if customers fail to shift their usage away from peak times, they will nevertheless pay only the charges they would have paid under SSO rates.³⁶ The Companies are not required to include a bill guarantee pursuant to the Grid Mod I Stipulation. Further, a bill guarantee has not been proposed by the Companies, Staff, or any other stakeholder, nor has it been the subject of significant discussion among the Grid Mod Collaborative. Customers are free to enroll in the Companies' time-varying rate and may also terminate their participation at any time, subject to the final terms and conditions of the approved tariff. The Commission should decline to impose the bill guarantee requested by OCC.

III. CONCLUSION

The Companies appreciate the opportunity to provide these Reply Comments and ask the Commission to reject OCC's Comments and approve the Application as filed with the modifications proposed by Staff.

³³ *Id.*

³⁴ OCC Comments at 12.

³⁵ OCC proposes both six months and one year, *see* OCC Comments at 12.

³⁶ OCC Comments at 12.

Respectfully submitted,

/s/Christine E. Watchorn

Christine E. Watchorn (0075919)
FIRSTENERGY SERVICE COMPANY
100 East Broad Street, Suite 2225
Columbus, Ohio 43215
P: (614) 437-0183
cwatchorn@firstenergycorp.com

*One of the Attorneys for Ohio Edison Company, The
Cleveland Electric Illuminating Company, and The
Toledo Edison Company*

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Reply Comments of Ohio Edison Company, The Cleveland Electric Illuminating company and The Toledo Edison Company were filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 6th Day of March, 2020. The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/Christine E. Watchorn

Christine E. Watchorn (0075919)
*One of the Attorneys for Ohio Edison Company, The
Cleveland Electric Illuminating Company, and The
Toledo Edison Company*

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/6/2020 3:53:35 PM

in

Case No(s). 20-0050-EL-ATA

Summary: Reply Comments by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Ms. Christine E. Watchorn on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company