

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Review of The)
Alternative Energy Rider Contained in The)
Tariffs of Ohio Edison Company, The) Case No. 11-5201-EL-RDR
Cleveland Electric Illuminating Company)
and The Toledo Edison Company.)

(UNREDACTED VERSION)

**DIRECT TESTIMONY
OF
WILSON GONZALEZ**

**On Behalf of
The Office of the Ohio Consumers' Counsel**
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January 31, 2013

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SCHEDULES:

Exhibit WG-1:	PUCO Cases Where Mr. Gonzalez has Submitted Testimony
Exhibit WG-2:	FirstEnergy AER Rider Comparison with Other Ohio EDUs
Exhibit WG-3:	Recommended REC Costs Disallowance Calculations
Exhibit WG-4:	FirstEnergy Response to Exeter Auditor (EA Set 5 – INT -3)

ATTACHMENTS:

Attachment 1	In-State Solar REC Prices from PJM GATS
Attachment 2	SNL In-State-All Renewables Information
Attachment 3	SNL Article concerning Ohio REC Situation in nascent market

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.

A1. My name is Wilson Gonzalez. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio, 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC") as a Senior Energy Policy Advisor.

Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. I have a Bachelor of Arts degree in Economics from Yale University, and a Master of Arts degree in Economics from the University of Massachusetts at Amherst. I have also completed coursework and passed my comprehensive exams towards a Ph.D. in Economics at the University of Massachusetts at Amherst.

Previous to my employment with OCC, I worked in the energy industry from 1986-2002, first with the Connecticut Energy Office (Senior Economist, 1986-1992), then with Columbia Gas Distribution ("Columbia Gas") (Integrated Resource Planning Coordinator, 1992-1996), and finally with American Electric Power ("AEP") (Marketing Profitability Coordinator and Market Research Consultant, 1996-2002). I have been managing the Resource Planning activities within OCC since 2004, and have been involved in numerous electric industry cases before the Public Utilities Commission of Ohio ("PUCO" or "Commission").

Q3. WHAT HAS BEEN YOUR EXPERIENCE DIRECTLY RELATED TO RENEWABLE ENERGY PROCEEDINGS IN OHIO?

A3. I have been directly involved in negotiations leading to settlements reached and approved by the PUCO in the Green Pricing and Residential REC Purchase Programs of FirstEnergy (Cases No 06-1112-EL-UNC and 09-551-EL-UNC), Duke Energy of Ohio (Cases No. 06-1398-EL-UNC and 09-834-EL-UNC), and American Electric Power (Cases 06-1153-EL-UNC and 09-1872-EL-ACP). In addition, I have filed testimony concerning renewable energy in the AEP and FirstEnergy Electric Security Plan Cases No. 08-917-EL-SSO and 10-388-EL-SSO. I have also been the lead analyst on the OCC case team for the Commission's "Green" Rulemaking (08-888-EL-ORD) and for all of Ohio's electric utilities' alternative energy compliance filings since such proceedings commenced in 2009.

Q4. WHAT IS YOUR EXPERIENCE IN OTHER REGULATORY PROCEEDINGS?

A4. I have been immersed in many aspects of electric utility regulation since 1986, including, but not limited to rate design and integrated resource planning. While at the Connecticut Energy Office, I was a participant in one of the first demand-side management ("DSM") collaborative processes in the country (Connecticut Department of the Public Utilities Commission ("DPUC") Docket No. 87-07-01). I analyzed the performance and cost-effectiveness of many efficiency programs for Connecticut's electric and gas utilities that led to demonstration projects, policy recommendations, DSM programs (including rate design recommendations) and energy efficiency standards. I also performed all of the

1 analytical modeling for United Illuminating's first integrated resource plan filed before the
2 DPUC in 1990.

3
4 At Columbia Gas, I was responsible for coordinating its Integrated Resource Plan within the
5 corporate planning department and DSM program development activities in the marketing
6 department. I designed and managed residential DSM programs in Maryland and Virginia.

7
8 While at AEP, I conducted numerous cost-benefit analyses of programs sponsored by AEP's
9 corporate marketing department, including its residential load control water heater program.

10
11 For the past 8 years at OCC, I have (among other matters):

- 12
- 13 • Been a principal participant in DSM negotiations resulting in
14 energy efficiency programs with Ohio's investor-owned utilities
15 which were designed to save, and have saved, Ohio consumers
16 millions of dollars in energy costs;
 - 17 • Prepared and presented DSM-related testimony in many
18 Commission cases;
 - 19 • Testified before the Ohio House Alternative Energy Committee and
20 Senate Energy and Public Utilities Committee in support of energy
21 efficiency, demand response and resource planning;

- Assisted in the preparation of energy efficiency and renewable energy testimony and amendments with respect to S.B. 221, H.B. 357, and S.B. 315;
- Testified before the PUCO on rate design issues;
- Been a member of the Ohio Wind Working Group; and
- Worked extensively on a range of topics regarding FirstEnergy's Standard Service Offer ("SSO") proposals.

Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A5. Yes. A list of the testimony I have previously submitted or presented to the PUCO is attached as Exhibit WG-1.

II. PURPOSE OF TESTIMONY AND RECOMMENDATIONS

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A6. The purpose of my testimony is to: 1) present my assessment of the Alternative Energy Resource Rider ("Rider AER") that FirstEnergy has used to charge customers for their renewable compliance, from 2009 through 2011, in light of the findings set forth in the Commission-ordered audit reports: (2) recommend to the PUCO the appropriate ratemaking treatment to use for FirstEnergy's charges to customers for its Renewable

1 Energy Credits (“REC”)¹ purchases in light of my assessment of FirstEnergy’s
2 mismanagement of its REC purchasing program in regard to In-State All Renewable
3 RECs; 3) make recommendations to the PUCO regarding the handling of carrying costs
4 that may impact customers; and 4) recommend that if the PUCO finds that FirstEnergy
5 acted inappropriately and that it must reimburse consumers for its excessive charges—
6 then the PUCO should impose a penalty to be paid by FirstEnergy.

7
8 ***Q7. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.***

9 ***A7.*** In light of FirstEnergy’s extreme mismanagement of its REC purchasing program (for In-
10 State All Renewable RECS), and for the reasons discussed more extensively below,² I
11 recommend the following:

- 12
13 1. The Commission should disallow \$157.7 million from Rider AER,
14 to protect customers from paying for costs resulting from
15 FirstEnergy’s imprudent decision to purchase grossly over-priced
16 In-State All-Renewable RECs exclusively from its affiliate, FES.
- 17 2. The Commission should require FirstEnergy to pay interest to
18 customers, in the amount of \$31.2 million, on FirstEnergy’s
19 imprudent purchases of In-State All-Renewable RECs, so as to

¹ 4901:1-40-01(BB), “Renewable energy credit” means the environmental attributes associated with one megawatt-hour of electricity generated by a renewable energy resource, except for electricity generated by facilities as described in paragraph (E) of rule [4901:1-40-04](#) of the Administrative Code.

² See R.C. 4928.02: “It is the policy of the state to do the following throughout the state: (A) Ensure the availability to consumers of adequate, reliable, safe, efficient, non-discriminatory, and reasonably priced retail electric service.”

1 protect the time value of customers' money that FirstEnergy
2 collected.

3 3. The Commission should--after a ruling that FirstEnergy acted
4 inappropriately and that it must reimburse consumers for its
5 excessive charges--promptly open a second phase of this docket to
6 determine an appropriate penalty.

7
8 **III. RESULTS OF THE EXETER MANAGEMENT AUDIT**

9
10 ***Q8. WHAT IS THE EXETER MANAGEMENT AUDIT AND WHAT PERIOD DOES IT***
11 ***COVER?***

12 ***A8.*** The Exeter Management/Performance Audit was commissioned by the PUCO Staff to
13 review FirstEnergy's REC purchasing program for the time period of October 2009
14 through December 31, 2011.³

15
16 ***Q9. WHAT DOES THE EXETER MANAGEMENT AUDIT CONCLUDE REGARDING***
17 ***FIRSTENERGY'S DECISION TO PURCHASE RENEWABLE ENERGY CREDITS?***

18 ***A9.*** The audit is very critical of FirstEnergy's purchase of In-State All-Renewable RECs
19 during the audit period. In particular, the Exeter Auditor makes the following critical
20 findings:

³ Final Report (REDACTED) Management/Performance Audit of the Alternative Energy Resource Rider (RIDER AER) of the FirstEnergy Ohio Utility Companies for October 2009 through December 31, 2011, prepared by Exeter Associates, Inc., filed on August 15, 2012 in PUCO Case No. 11-5201-EL-RDR at page i ("Exeter Audit Report").

1 Finding 5. “The FirstEnergy Ohio utilities paid unreasonably high prices
2 for In-State All Renewables RECs purchased from their competitive
3 affiliate, FirstEnergy Solutions.”⁴
4

5 Finding 6. “Prices for In-State All Renewable RECs in the range of \$300
6 to \$700 exceeded the reported prices paid for non-solar compliance RECs
7 anywhere in the country between July 2008 and December 2011 by at
8 least \$250 to \$650.”⁵
9

10 Finding 7. “The FirstEnergy Ohio utilities had several alternatives
11 available to the purchase of high-priced In-State All Renewables RECs,
12 none of which were considered or acted upon.”⁶
13

14 Finding 8. “The FirstEnergy Ohio utilities should have been aware that
15 the prices bid by FirstEnergy Solutions reflected significant economic
16 rents and were excessive by any reasonable measure.”⁷
17

⁴ Id. at iv.

⁵ Id.

⁶ Id.

⁷ Final Report (REDACTED) Management/Performance Audit of the Alternative Energy Resource Rider (RIDER AER) of the FirstEnergy Ohio Utility Companies for October 2009 through December 31, 2011, prepared by Exeter Associates, Inc., filed on August 15, 2012 in PUCO Case No. 11-5201-EL-RDR at page iv (“Audit Report”).

1 The Exeter Audit Report concluded that “Based on the findings presented above, we
2 recommend that the Commission examine the disallowance of excessive costs associated
3 with purchasing RECs to meet the FirstEnergy Ohio utilities' In-State All Renewables
4 obligations.”⁸

5
6 ***Q10. DO YOU AGREE WITH FINDINGS (FIVE THROUGH EIGHT LISTED ABOVE)***
7 ***CONTAINED IN EXETER AUDIT REPORT?***

8 ***A10.*** Yes, I agree with those findings.

9
10 ***Q11. HOW WOULD YOU CHARACTERIZE THE PRICES PAID BY FIRSTENERGY***
11 ***FOR IN-STATE ALL RENEWABLE ENERGY CREDITS?***

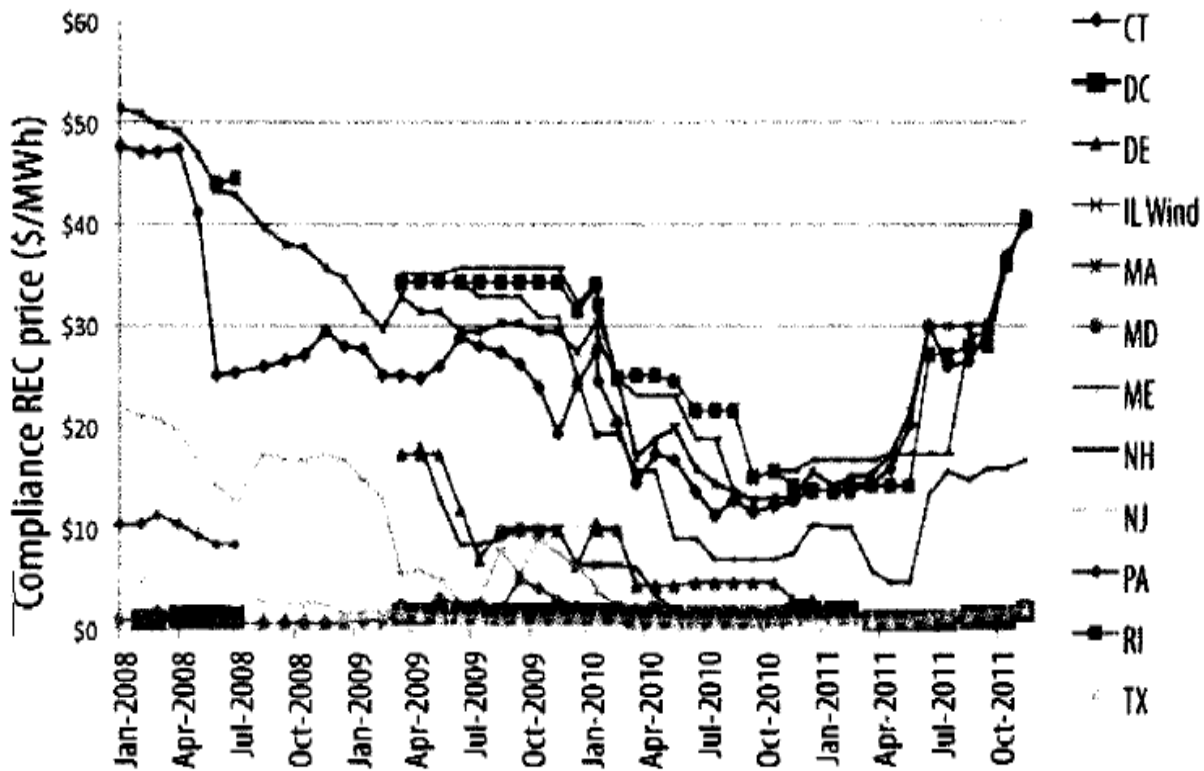
12 ***A11.*** The prices paid by FirstEnergy – from \$300 to \$700 per REC – for In-State all
13 Renewable Energy Credits were grossly excessive.

14
15 ***Q12. WHAT IS THE BASIS OF YOUR OPINION THAT SOME OF THE PRICES PAID***
16 ***BY FIRSTENERGY FOR IN-STATE ALL RENEWABLE ENERGY CREDITS***
17 ***DURING THE AUDIT PERIOD WERE GROSSLY EXCESSIVE?***

18 ***A12.*** First, one simply has to look at the REC information in Figure 3 --Compliance Markets
19 for RECs -- on page 26 of the Exeter Audit Report, reproduced below, and compare those
20 to the excessive prices paid by FirstEnergy to reach this conclusion.

⁸ Id.

Figure 3 Compliance Markets for RECs



Compliance market (primary tier) REC prices, January 2008 to December 2011

Source: apps3.eere.energy.gov/greenpower/markets/certificates.shtml?page=5

Note: Plotted values are the last trade (if available) or the mid-point of bid and offer prices for the current or nearest compliance year for various state compliance RECs.

As shown in Figure 3 from the Exeter Audit Report, the prices paid for RECs in compliance markets of 12 states and over a comparable time period, January 2008 through October 2011, were never more than \$52 per REC. For most years, prices were below 40 dollars per REC.

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Second, and more importantly, a review of the REC prices paid by Dayton Power & Light Company (“DP&L”), Duke Energy Ohio (“Duke”), and AEP-Ohio in Ohio as revealed in their quarterly AER Tariff filings demonstrate that FirstEnergy, in comparison, paid significantly more for RECs than any other utility in the state. The table below shows for each quarter since the last quarter of 2009 to the end of 2011, the factor by which FirstEnergy’s AER rate was higher than the other Ohio utilities.⁹ For example, FirstEnergy paid from 5.3 to 43.3 times what DP&L paid for renewable compliance from 2009-2011. FirstEnergy paid from 3.0 to 9.6 times what AEP-Ohio paid. And FirstEnergy paid from 0.4 to 18.1 times what Duke paid for renewable compliance.¹⁰

FE Companies AER Rate Index Relative to other Ohio Companies (FE=1)

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
DPL									
CEI	5.3	31.4	28.0	27.8	41.1	22.0	43.2	38.7	39.8
OE	5.6	30.1	25.3	30.7	26.3	20.8	22.5	26.1	23.9
TE	6.1	26.9	28.6	31.2	43.3	27.7	34.3	33.0	33.1
DE-O									
CEI	0.4	18.1	11.5	14.3	9.0	10.2	12.3	13.0	13.0
OE	0.5	17.3	10.4	15.8	5.8	9.6	6.4	8.8	7.8
TE	0.5	15.5	11.7	16.1	9.5	12.8	9.8	11.1	10.8
CSP									
CEI	7.9	4.9	4.3	7.8	5.3	3.8	5.7	na	na
OE	8.4	4.7	3.9	8.6	3.4	3.6	3.0	na	na
TE	9.0	4.2	4.4	8.8	5.6	4.8	4.5	na	na
OP									
CEI	7.7	5.8	5.9	8.6	5.5	5.0	7.5	na	na
OE	8.2	5.5	5.4	9.5	3.6	4.7	3.9	na	na

⁹ See Exhibit WG-2. These numbers have been controlled for customer shopping volumes.

¹⁰ The fourth quarter of 2009 Duke AER rate appears to be an outlier probably due to the timing cost were recorded and may include start-up costs.

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TE	8.8	5.0	6.1	9.6	5.8	6.3	6.0	na	na
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While the numbers above reflect what FirstEnergy overpaid relative to the other Ohio utilities for their overall renewable compliance, since the Exeter Audit Report found that FirstEnergy's purchases for the three other renewable products (In-State Solar, Out of State Solar, Out of State All Renewables) were not unreasonable, it is likely that the major discrepancy with the other Ohio utilities is in the In-State All Renewables product.¹¹ Also, in Attachment WG-2, it would appear that lower priced In-State All Renewable RECs were available to meet the 2010 vintage years. Therefore, the numbers above are a good proxy for how much FirstEnergy overpaid for the In-State All Renewable RECs, and undercuts many of the REC market arguments made by FirstEnergy witnesses to rationalize the excessive REC prices paid.

In summary, it defies reason for FirstEnergy to have paid up to \$700 for a single In-State All Renewable REC. That amount is more than 15 times the alternative compliance payment ("ACP") provided under Ohio law. FirstEnergy's approach was imprudent. FirstEnergy's approach was grossly detrimental to consumers.¹²

¹¹ Note that some of Ohio Companies asked for and received a "force majeure" order from the Commission for the 2009 In-State Solar requirement. For example, see FirstEnergy Case No. 11-2479-EL-ACP and DP&L Case No. IO-489-EL-ACP. Also, while the In-State Solar requirement should yield higher prices than the out of state solar RECs, their prices do not appear to be a multiple of the Ohio ACP and generally vary by a factor less than two. See Attachment WG-1. Similarly, REC prices for In-State All Renewables within the latter part of 2010-2011 compliance periods appear to be below the ACP. See Attachment WG-2.

¹² The Redacted Exeter Audit Report states on page 28, "...we believe that the management decisions made by the FirstEnergy Ohio utilities to purchase non-solar RECs at prices in some cases more than 15 times the price of the applicable forty-five-dollar Alternative Compliance Payment to have been seriously flawed."

Q13. DID FIRSTENERGY DEFEND ITS PURCHASES OF HIGH-PRICED RENEWABLE ENERGY CREDITS THAT WERE CRITICIZED IN THE EXETER AUDIT REPORT?

A13. Yes.

Q14. DO YOU AGREE WITH FIRSTENERGY'S DEFENSE OF ITS PURCHASES OF HIGH-PRICED RENEWABLE ENERGY CREDITS CRITICIZED IN THE EXETER AUDIT REPORT?

A14. No.

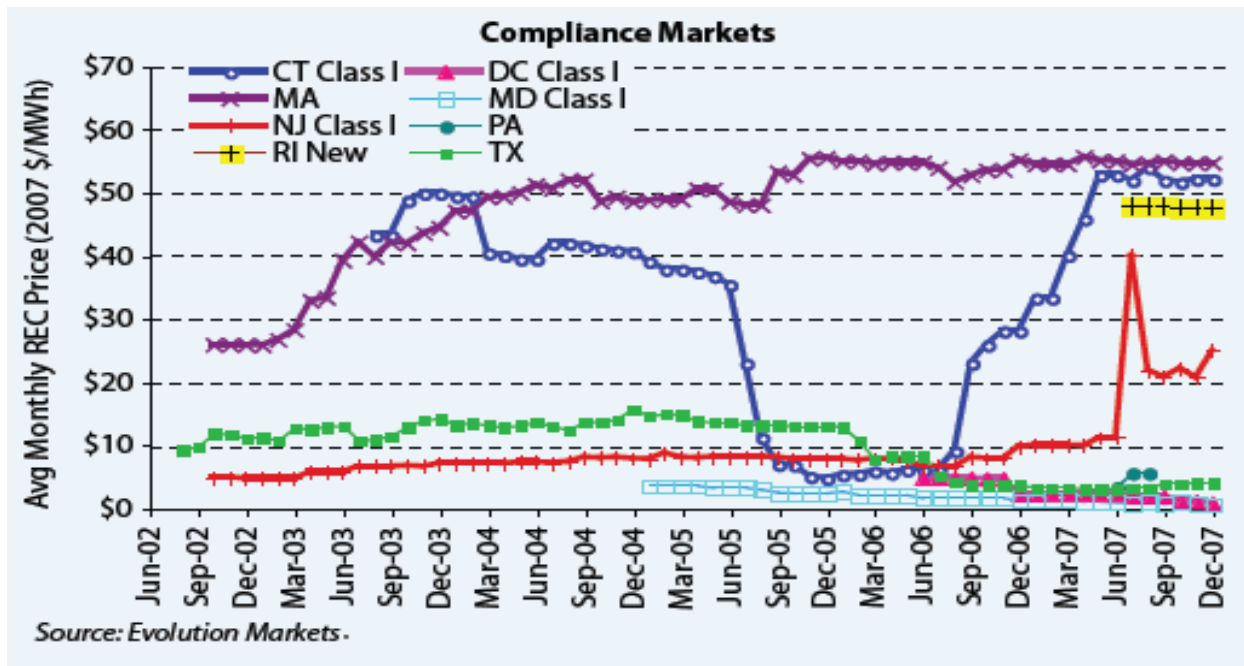
Q15. WHY DO YOU DISAGREE WITH FIRSTENERGY'S DEFENSE OF ITS HIGH-PRICED RENEWABLE ENERGY CREDIT PURCHASES CRITICIZED IN THE EXETER AUDIT REPORT?

A15. FirstEnergy's management failed to avail themselves of the "force majeure" and Alternative Compliance Payment provisions of Ohio law which I discuss later in my Testimony. Moreover, FirstEnergy's assessment of other state REC information (contained in Figure 3 of the Exeter Audit Report) is misleading in the following areas:

- FirstEnergy claims that prices were high because of the nascent Ohio market when compared with other states.¹³ While this is true to a point, it does not explain the extreme prices paid by

¹³ FirstEnergy witnesses Earle and Bradley testimony at 15-24 and 58-62 respectively.

FirstEnergy. The table below shows the REC prices in eight states listed by the Exeter Audit Report during their nascent renewable market period and the prices are a fraction of what FirstEnergy paid.



- FirstEnergy's consultant, Navigant, indicates that it had seen solar REC prices up to \$700/SREC in New Jersey in 2009.¹⁴ But the fallacy of this observation is that prices for solar RECs have been consistently higher than prices for non-solar RECs because of the higher development cost for solar facilities. Indeed, because of this, it is evident that the Ohio Legislature established an

¹⁴Testimony of Daniel Bradley at 36.

1 alternative compliance payment for solar RECs that is initially 10x
2 the magnitude of the Ohio ACP for non-solar RECs (\$450 solar
3 compared to \$45 non-solar in 2009), however the ACP for SRECs
4 decline to the level of non-solar RECs over 8-years under Ohio law
5 Although, (consistent with Navigant's testimony), I too have seen
6 solar REC prices up to \$700/SREC, nowhere that I am aware of
7 has anyone paid as much as \$700 for a non-solar REC. In fact,
8 Will Leggett, an associate from GT Environmental Finance LLC
9 mentioned that in Ohio, "in-state generated RECs are running near
10 \$35/MWh, the highest in the country."¹⁵ It is misleading for
11 Navigant witness Bradley to make an "Apples to Oranges"
12 comparison between prices for solar RECs and prices for non-solar
13 RECs. The two products face very different supply curves and that
14 was recognized by the Ohio Legislature by establishing a separate
15 compliance payment schedule for solar and non-solar RECs.
16 • FirstEnergy asserted that the in-state geographical requirement in
17 Ohio is similar to New Jersey and therefore explains the great
18 discrepancy in price.¹⁶ While the geography requirement is an
19 important consideration, New England states had a similar
20 restriction masked as a stringent delivery into the state

¹⁵ See WG-Attachment 3 - SNL article, "Switch to biomass at Burger plant could 'flip' Ohio REC market," September 30, 2010. (SOURCE: SNL FINANCIAL LC. CONTAINS COPYRIGHTED MATERIAL DISTRIBUTED UNDER LICENSE FROM SNL.)

¹⁶ Testimony of Dr. Earle at 7-8.

1 requirement. They required strict out-of-state delivery
2 requirements (had to match transmission on an hourly basis) but
3 did not experience the economic rents paid by FirstEnergy.
4

5 While I generally agree with the FirstEnergy witnesses that the Ohio In-State All
6 Renewables REC market was constrained and that In-State All Renewables RECs were
7 not reasonably available in the marketplace during the audit period, FirstEnergy was
8 imprudent in paying grossly excessive prices for In-State All Renewable RECs for
9 reasons explained later in my testimony.
10

11 ***Q16. WHAT IS YOUR ASSESSMENT OF FIRSTENERGY WITNESS EARLE'S***
12 ***TESTIMONY?***

13 ***A16.*** It is a useful testimony for analyzing the world wide sugar market and the impact of an
14 imposed quota.¹⁷ However, the REC market in Ohio differs in important respects from
15 the sugar market. The sugar market does not have a “force majeure” or “ACP” safety
16 valve like the Ohio REC market. As I demonstrate later in my testimony, these two
17 aspects of Ohio law obviate the need to pay excessive prices for RECs because of
18 significant economic rents and/or market disequilibrium. Because Ohio law provides for
19 alternatives to purchasing excessively priced RECs, witness Earle's testimony is rendered
20 unusable for the purposes of this proceeding.

¹⁷Testimony of Dr. Earle at 7, 16.

1 ***Q17. WHAT IS THE RESULT OF FIRSTENERGY'S DECISIONS TO PURCHASE IN-***
2 ***STATE ALL RENEWABLE ENERGY CREDITS AT PRICES THAT YOU HAVE***
3 ***DESCRIBED AS "GROSSLY EXCESSIVE"?***

4 ***A17.*** The unfortunate result is that FirstEnergy customers have been burdened with millions of
5 dollars in renewable compliance payments that are many times those paid by other Ohio
6 customers to their electric utilities.

7
8 ***Q18. WHAT WAS THE RESULT OF FIRSTENERGY'S DECISION TO PURCHASE***
9 ***RENEWABLE ENERGY CREDITS, NOT ONLY FOR THE YEAR IN WHICH***
10 ***SUCH PURCHASES WERE MADE, BUT FOR ADDITIONAL YEARS INTO THE***
11 ***FUTURE?***

12 ***A18.*** Customers have been financially harmed by the imprudent business decisions by
13 FirstEnergy to purchase excessively priced RECs. And that financial harm is
14 compounded because FirstEnergy not only decided to pay excessive prices for In-State
15 All Renewable RECs in 2009 to comply with the 2009 requirement, but it also locked in
16 excessive prices in 2009 and 2010 to meet the renewable requirements for 2010 and
17 2011.¹⁸ These costs were not prudently incurred and FirstEnergy's customers should not
18 have to pay for FirstEnergy's flawed management decisions.

19

¹⁸ See Exhibit WG-3.

1 ***Q19. WAS THERE ANY REASONABLE JUSTIFICATION FOR FIRSTENERGY TO***
2 ***PURCHASE THE EXCESSIVELY PRICED RENEWABLE ENERGY CREDITS***
3 ***BEYOND THE INITIAL PERIOD (2009)?***

4 ***A19.*** No. There was no reasonable justification for FirstEnergy to buy In-State All Renewable
5 RECs for any period at the prices paid by it. And it was particularly imprudent for
6 FirstEnergy to continue to make such purchases for periods beyond the initial period. If
7 FirstEnergy believed that the In-State All Renewables RECs were going to be
8 permanently short and constrained, it should have made a “force majeure” filing as
9 permitted by law and/or should have made the ACP in lieu of purchasing such
10 outrageously priced RECs. When FirstEnergy “doubled down” (locked in excessive
11 prices in 2009 and 2010 to meet the renewable requirements for 2010 and 2011 for In-
12 State All Renewable RECs), it resulted in an even larger losing bet for consumers,
13 especially given the increased volumes of RECs purchased in later years.

14
15 ***Q20. DO YOU CONCUR WITH EXETER AUDITOR’S FINDING 8 THAT “THE***
16 ***FIRSTENERGY OHIO UTILITIES SHOULD HAVE BEEN AWARE THAT THE***
17 ***PRICES BID BY FIRSTENERGY SOLUTIONS REFLECTED SIGNIFICANT***
18 ***ECONOMIC RENTS AND WERE EXCESSIVE BY ANY REASONABLE***
19 ***MEASURE?”***¹⁹

20 ***A20.*** Yes.

¹⁹ Exeter Audit Report (Redacted) at iv.

1 ***Q21. WHY SHOULD HAVE “THE FIRSTENERGY OHIO UTILITIES *** BEEN***
2 ***AWARE THAT THE PRICES BID BY FIRSTENERGY SOLUTIONS REFLECTED***
3 ***SIGNIFICANT ECONOMIC RENTS AND WERE EXCESSIVE BY ANY***
4 ***REASONABLE MEASURE?”²⁰***

5 ***A21.*** The fact that the excessive prices paid for In-State Renewable RECs were unprecedented
6 anywhere or anytime in the country for non-solar RECs, and the fact that FirstEnergy was
7 paying many times what other utilities, both in Ohio and elsewhere, were paying for their
8 renewable compliance was evident from available data. Although other REC market data
9 may not have been readily available for the nascent market in Ohio, to assume that Ohio
10 was such an outlier from every other state is mind-boggling.

11
12 ***Q22. HOW MANY SUPPLIERS QUALIFIED TO BID ON THE IN-STATE ALL***
13 ***RENEWABLE ENERGY CREDITS IN 2009?***

14 ***A22.*** One. FirstEnergy Solutions (“FES”).
15

16 ***Q23. SHOULD FIRSTENERGY HAVE MADE AN ADDITIONAL LEVEL OF REVIEW***
17 ***WHEN THERE WAS ONLY ONE QUALIFIED BIDDER (FIRSTENERGY’S***
18 ***AFFILIATE, FIRSTENERGY SOLUTIONS) FOR IN-STATE ALL RENEWABLE***
19 ***ENERGY CREDITS?***

20 ***A23.*** Yes. FirstEnergy should have acted to protect its customers. FirstEnergy’s purchase of
21 excessively priced RECs, especially when they were purchased from an affiliate in a

²⁰ Id.

nascent market, should have been carefully vetted. Certainly, the prospect of paying over 15 times the ACP and similar multiples of prices paid in other states for comparable products, in a related party transaction, should have set off some internal alarms.

Given that on two occasions -- RFP 1 and RFP 2 -- FES was the only qualified bidder for In-State All Renewables, that should have raised a red flag not only in terms of evaluating the reasonableness of the offer but also in terms of evaluating whether the Code of Conduct applicable to affiliate transactions was being drawn into question.²¹ Indeed, Ohio law requires that at least 4 suppliers bid into an SSO auction to protect consumers from market power.²² If this had been a purchase of power, FirstEnergy's transaction with its affiliate would almost certainly have been investigated by FERC and the Federal Trade Commission.²³ Buying these excessively priced RECs from FES, and over multiple years, was egregious.

Q24. SHOULD THE COMMISSION TAKE MEASURES TO FURTHER ASSESS WHETHER IMPROPER COMMUNICATIONS BETWEEN FIRSTENERGY AND FIRSTENERGY SOLUTIONS OCCURRED?

A24. Yes. Exeter did not conduct an investigation of whether any improper communications occurred between FirstEnergy and FES. as the auditor acknowledged during an interview on December 19, 2012. That circumstance must be kept in mind when reading Exeter's

²¹ Exeter Audit Report at 4.

²² R.C. 4928.142(C)(2).

²³ FES realizes competitive benefits as a CRES provider if the incumbent's renewable compliance costs are excessive as the AER rider is bypassable, and everything else being equal, can incent more customer shopping.

1 statement that “we have found no evidence that FES received any special treatment by
2 the FirstEnergy Ohio utilities in the context of the In-State All Renewables solicitations
3 and we found no evidence of any improper conveyance of information to FES by the
4 FirstEnergy Ohio utilities.”²⁴ Given the significance of the issues involving the
5 FirstEnergy affiliates and the negative impact on customers, the Commission should
6 require an investigation of whether there were any inappropriate communications
7 between the utilities and their affiliated retail supplier (FES), as well as any inappropriate
8 communications involving any other FirstEnergy entity or others).

9
10 Since the auditors did not conduct an investigation of these communications, it is critical
11 to investigate any communications that occurred to ensure that FirstEnergy is strictly
12 adhering to the PUCO’s Code of Conduct in its purchasing of RECs. Consequently, I
13 recommend that the Commission undertake a full review of FirstEnergy’s adherence to
14 its corporate separation plan and also determine whether amendments to FirstEnergy’s
15 corporate separation plan are warranted.

²⁴ Exeter Audit Report at 31.

1 ***Q25. WERE THE EXCESSIVE PRICES FIRSTENERGY PAID FOR IN-STATE ALL***
2 ***RENEWABLE ENERGY CREDITS BENEFICIAL IN FURTHERING THE***
3 ***DEVELOPMENT OF THE IN-STATE ALL RENEWABLE ENERGY MARKET?***

4 ***A25.*** No. The excessive prices paid by FirstEnergy to its affiliate, FES, likely distorted, rather
5 than helped to develop, the nascent Ohio renewable energy market, to the detriment of its
6 customers. By artificially signaling higher prices to other buyers and sellers, Ohio
7 consumers will be left paying higher prices to comply with the state's alternative energy
8 standard (if the Commission were to allow FirstEnergy to collect those imprudent costs
9 from consumers).

10
11 ***Q26. DID FIRSTENERGY HAVE ANY ALTERNATIVES AVAILABLE IN LIEU OF***
12 ***PURCHASING THE HIGH-PRICED IN-STATE ALL RENEWABLES ENERGY***
13 ***CREDITS?***

14 ***A26.*** Yes.

15
16 ***Q27. WHAT OTHER ALTERNATIVES WERE AVAILABLE TO FIRSTENERGY IN***
17 ***LIEU OF PURCHASING HIGH-PRICED IN-STATE ALL RENEWABLES***
18 ***ENERGY CREDITS?***

19 ***A27.*** Once FirstEnergy received the excessively priced In-State All Renewable bids from its
20 RFPs, it should have explored either of two contingencies available to it before
21 determining whether to proceed. First, FirstEnergy should have filed a "force majeure"
22 request with the Commission. Based on my understanding of the law and on advice of
23 counsel, an electric distribution utility may request a *force majeure* determination from

1 the Commission under R.C. 4928.64(C)(4)(a). The conditions under which a *force*
2 *majeure* can be granted are contained in R.C. 4928.64(C)(4)(b).

3
4 “(b) Within ninety days after the filing of a request by an electric
5 distribution utility or electric services company under division (C)(4)(a) of
6 this section, the commission shall determine *if renewable energy*
7 *resources are reasonably available in the marketplace in sufficient*
8 *quantities* for the utility or company to comply with the subject minimum
9 benchmark during the review period. In making this determination, the
10 commission shall consider whether the electric distribution utility or
11 electric services company has made a good faith effort to acquire
12 sufficient renewable energy or, as applicable, solar energy resources to so
13 comply, including, but not limited to, by banking or seeking renewable
14 energy resource credits or by seeking the resources through long-term
15 contracts. Additionally, the commission shall consider the availability of
16 renewable energy or solar energy resources in this state and other
17 jurisdictions in the PJM interconnection regional transmission
18 organization or its successor and the midwest system operator or its
19 successor.” (Emphasis added)

1 FirstEnergy has acknowledged through discovery that the REC market was constrained.²⁵
2 Moreover, given the excessive In-State All Renewable REC prices relative to the ACP
3 (described below) and prices paid nationwide in compliance markets, FirstEnergy could
4 have filed a case before the Commission for *force majeure* by demonstrating that In-State
5 All Renewable RECs were not reasonably available in the marketplace in sufficient
6 quantities. The fact is that when a market is constrained and supply is limited, prices will
7 tend to be high.²⁶ Therefore, a filing of *force majeure* would have been a prudent
8 alternative for FirstEnergy to pursue, an alternative that would have prevented
9 FirstEnergy from charging Ohio consumers millions of dollars.

10
11 If the PUCO had denied FirstEnergy's *force majeure* request, FirstEnergy should have
12 then made the alternative compliance payment in lieu of any purchase of the In-State All
13 Renewable Energy Credits at such excessive prices, saving its customers millions of
14 dollars.²⁷

²⁵See First Energy' response to EA Set 3-INT-7, where they state "[t]he FirstEnergy Ohio Utilities ("FEOU") did not consider establishing a limit price ahead of any of its solicitations due to the constrained market and minimal market information being available."

²⁶ One only needs to see the results of the 2015/2016 PJM Base Residual Auction for the ATSI zone (\$357/MW/Day) to confirm this. See <http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/20120518-2015-16-base-residual-auction-report.ashx>.

²⁷ While not defined in Ohio's law (R.C. 4928.64), the term "alternative compliance payment" is part of the lexicon in the renewable compliance literature and is frequently used in Staff Reports and Commission Orders concerning renewable compliance. For example see page 2 or the following Staff Report, <http://dis.puc.state.oh.us/TiffToPdf/A1001001A12G09B15407C59759.pdf>. See also Commission Orders in Case Nos. 10-469-EL-ACP, 11-2399-EL-ACP, and 12-1486-EL-ACP, *In the matter of the Annual Adjustment of the Non-Solar Alternative Compliance Payment pursuant to Section 4928.64(C)(2)(b), Revised Code*. (Emphasis added)

1 ***Q28. DID FIRSTENERGY HAVE A CONTINGENCY PLAN TO HANDLE A NASCENT***
2 ***AND CONSTRAINED REC MARKET?***

3 ***A28.*** No. According to the Exeter Audit Report, “[n]o formal contingency plan was in place to
4 guide the follow-up actions of the FirstEnergy Ohio utilities in the event insufficient bids
5 were received or if bid prices were excessive based on pre-established criteria.”²⁸

7 ***Q29. HAS FIRSTENERGY EVER MADE A FORCE MAJEURE FILING WITH THE***
8 ***PUBLIC UTILITIES COMMISSION OF OHIO?***

9 ***A29.*** Yes, in cases 10-499-EL-ACP and 11-2479-EL-ACP, FirstEnergy filed for *force majeure*
10 due to the continued limited availability of In-State Solar RECs (“SRECs”). For
11 example, due to the limited availability of Solar RECs in 2009, FirstEnergy requested
12 that the Commission make a *force majeure* determination regarding its 2009 solar
13 benchmark and to reduce FirstEnergy’s aggregate 2009 solar benchmark to the level of
14 SRECs acquired through FirstEnergy’s 2009 RFP REC Procurement Process.²⁹ In the
15 Finding and Order related to that case, the Commission approved FirstEnergy’s request
16 and indicated that approval of FirstEnergy’s application is contingent upon FirstEnergy
17 meeting revised 2010 benchmarks increased by the 2009 shortfall.³⁰

²⁸ Exeter Audit Report at 9.

²⁹ Case No. 11-2479-EL-ACP filed on 12/7/2009.

³⁰ Finding and Order in Case No. 09-1922-EL-ACP, 3/10/2010.

1 ***Q30. ARE YOU AWARE OF FIRSTENERGY'S POSITION ON ALTERNATIVE***
2 ***COMPLIANCE PAYMENTS?***

3 ***A30.*** I am aware that FirstEnergy has expressed a belief that if FirstEnergy were to pay the
4 ACP, then it still would be required to procure the RECs related to the ACP. My
5 understanding of FirstEnergy's position is consistent with the Exeter Report that states:

6
7 “The issue of reliance on the ACP as an alternative to the procurement of
8 the high-priced RECs was raised during the April 20, 2012 interview with
9 FirstEnergy Ohio utilities and Navigant Consulting personnel. During the
10 interview, the personnel from the Companies expressed the perspective
11 that the Alternative Compliance Payment is not an alternative to procuring
12 RECs. In a separate request for information, the Companies were
13 unwilling to provide a legal opinion on this issue, but noted that there is no
14 language in the legislation to suggest that the Alternative Compliance
15 Payment is an alternative to compliance through the procurement of
16 RECs.” (First Energy's Response to Exeter Associates' Request for
17 Information, Set 5, Item 3.)

18
19 ***Q31. DO YOU AGREE WITH FIRSTENERGY'S INTERPRETATION OF THE***
20 ***OPERATION OF THE ALTERNATIVE COMPLIANCE PAYMENT?***

21 ***A31.*** No.

22 ***Q32. DID FIRSTENERGY ENDEAVOR TO OBTAIN PUCO GUIDANCE WITH***
23 ***RESPECT TO INTERPRETATION OF THE ALTERNATIVE***

1 **COMPLIANCE PAYMENT AND THE EXCESSIVE BID PRICES IT**

2 **RECEIVED FOR IN-STATE ALL RENEWABLE ENERGY CREDITS?**

3 **A32.** No, although, in the absence of bids for In-State Solar RECs, FirstEnergy had no
4 difficulty seeing the wisdom of a *force majeure* request. But the same utility,
5 FirstEnergy, lacked this wisdom when it came to purchasing In-State All Renewable
6 RECs at excessive prices from its affiliate. In an attempt to determine the basis for
7 FirstEnergy's short-sightedness with respect to In-State All Renewable RECs, the Exeter
8 Auditor asked FirstEnergy in discovery to provide language from any Commission Order,
9 Ohio regulations, or Ohio legislation that supports FirstEnergy's view. FirstEnergy
10 replied, "[t]he Companies do not believe it is appropriate to render a legal opinion on this
11 matter."³¹

12
13 FirstEnergy's answer is problematic. Its decision-making was apparently driven by its
14 interpretation of the law. But it refused to provide the auditor with the basis for that
15 interpretation.

16

³¹ See Exhibit WG-4.

**Q33. WHAT IS YOUR UNDERSTANDING OF THE OPERATION OF THE
ALTERNATIVE COMPLIANCE PAYMENT?**

A33. My experience in the renewable energy field and my participation in the development of the Ohio “Green Rules” in Case No. 08-888-EL-ORD (and advice of counsel) inform me that FirstEnergy’s position on the ACP is not supported by R.C. 4928.64(C)(2) or Ohio Adm. Chapter 4901:1-40-08. Specifically, R.C. 4928.64(C)(2) states:

“(2) Subject to the cost cap provisions of division (C)(3) of this section, if the commission determines, after notice and opportunity for hearing, and based upon its findings in that review regarding avoidable under compliance or noncompliance, but subject to division (C)(4) of this section, that the utility or company has failed to comply with any such benchmark, the commission shall impose a renewable energy compliance payment on the utility or company.”

Ohio Admin Code 4901:1-40-08(A)(3) further provides:

(3) At least annually, the staff shall conduct a review of the renewable energy resource market, including solar, both within this state and within the regional transmission systems active in the state. The results of this review shall be used to determine if changes to the solar- or renewable-energy compliance payments are warranted, as follows:

1 (a) The commission may increase compliance payments if
2 needed to ensure that electric utilities and electric services
3 are not using the payments *in lieu of* acquiring or producing
4 energy or RECs from qualified renewable resources,
5 including solar. (Emphasis added.)
6

7 ***Q34. YOU NOTED ABOVE FIRSTENERGY WITNESSES' TESTIMONY THAT OHIO***
8 ***LAW DOES NOT PROVIDE FOR ALTERNATIVE COMPLIANCE PAYMENTS,***
9 ***AND YOUR DISAGREEMENT WITH THAT POSITION. FIRSTENERGY***
10 ***WITNESSES ALSO TESTIFIED THAT PROVISIONS OF THE LAW PROVIDE***
11 ***THAT IF COMPLIANCE PAYMENTS ARE MADE THE COMMISSION WILL***
12 ***REQUIRE THAT COMPLIANCE OBLIGATIONS ARE TO BE CARRIED OVER***
13 ***TO THE FOLLOWING YEAR. DO OHIO LAW OR REGULATIONS PROVIDE***
14 ***SUCH A RESULT?***

15 ***A34.*** No. While the law and regulations provide that if the Commission finds that Ohio
16 electric utilities or electric services companies are using compliance payments in lieu of
17 acquiring renewables or RECs that the Commission "may increase compliance
18 payments" or carry over obligations from one year to the next in cases of "force
19 majeure," such determinations are to be based on the evidence and there is no mandate
20 that the PUCO take such actions. While the Commission may, and has, carried over
21 REC obligations from one year to the next because RECs were not reasonably available,
22 such a determination must be made on a case-by-case basis and it is evident that the
23 PUCO is required to, and has considered, the circumstances in each instance.

Q35. HAVE OTHER ELECTRICITY PROVIDERS UTILIZED THE ALTERNATIVE COMPLIANCE PAYMENT TO MEET RENEWABLE COMPLIANCE IN LIEU OF ACQUIRING THE RENEWABLE ENERGY CREDITS?

A35. Yes. This is a common practice in Ohio and in other compliance states with an ACP provision. Two CRES examples suffice as demonstration of the ACP in Ohio. In Case Nos. 11-2457-EL-ACP and 11-2650-EL-ACP, both Glacial Energy of Ohio and Smart Papers Holdings, LLC paid the ACP. In the Commission's Finding and Order in the former case, it stated:

“the Commission finds that Glacial is in compliance with its 2010 overall renewable energy resources benchmark, in-state renewable energy resources benchmark, and overall SER benchmark, but did not meet its in-state SER benchmark of 25 in-state solar RECs. Consequently, the Commission finds that Glacial's alternative energy portfolio status report for 2010 should be accepted and that Glacial's proposal to submit a compliance payment is reasonable and should be adopted. Glacial should remit a compliance payment of \$10,000 to the Commission, in accordance with Staff's recommendations and the requirements of Rule 4901:1- 40-08, O.A.C, to be deposited to the credit of the advanced energy fund created under Section 4928.61, Revised Code. Glacial is also directed to file in this docket the attestation required by Rule 4901:1-40-08(D), O.A.C,

1 indicating that Glacial will not seek to recover the compliance payment
2 from consumers.”³²

3
4 And in Case No. 11-2650-EL-ACP the Commission found:

5
6 “SMART Papers should remit a renewable energy compliance payment of
7 \$2,250 to the Commission, in accordance with Staff’s recommendations
8 and the requirements of Rule 4901:1-40-08, O.A.C, to be deposited to the
9 credit of the advanced energy fund created under Section 4928.61, Revised
10 Code. SMART Papers is also directed to file in this docket the attestation
11 required by Rule 4901:1-40-08(D), O.A.C, indicating that SMART Papers
12 will not seek to recover the renewable energy compliance payment from
13 consumers.”³³

14
15 In both cases, the Commission approved the individual compliance filings and accepted
16 the compliance payment in lieu of purchased RECs. Although a number of Ohio utilities
17 have been required in Commission Orders concerning “force majeure” to increase their
18 REC purchase obligations in the following years, this would not necessarily have been
19 required, nor should the possibility of having to purchase additional RECs in future years
20 have deterred FirstEnergy from making the alternative compliance payment where prices

³² Finding and Order in Case No. 11-2457-EL-ACP, page 4, August 29, 2012.

³³ Second Finding and Order in Case No. 11-2650-EL-ACP, page 4, October 3, 2012.

1 were so grossly excessive. Therefore, paying the ACP was a viable alternative for
2 FirstEnergy, one that could have saved consumers millions of dollars.

3
4 ***Q36. HOW CAN PAYING THE ALTERNATIVE COMPLIANCE PAYMENT HELP THE***
5 ***NASCENT RENEWABLE ENERGY MARKET?***

6 ***A36.*** Ohio Adm. Rule 4901:1-40-08 requires compliance payments be deposited to the credit
7 of the advanced energy fund created under Section 4928.61, Revised Code. The
8 advanced energy fund is used “for the exclusive purposes of funding the advanced energy
9 program created under section 4928.62 of the Revised Code and paying the program’s
10 administrative costs.”

11
12 Therefore, any compliance payments that FirstEnergy would have made to the advanced
13 energy fund would have gone into promoting advanced energy, including incentives to
14 renewable developers. Those developers in turn would have developed more renewable
15 energy projects in Ohio, increasing the supply of In-State All Renewable RECs. The
16 increased RECs would have placed downward pressure on the price of In-State All
17 Renewable RECs.

1 ***Q37. DOES OHIO LAW ALSO PROVIDE FIRSTENERGY WITH RENWABLE***
2 ***COMPLIANCE RELIEF IF THE COST OF COMPLIANCE IS THREE PERCENT***
3 ***OR MORE OF THE OTHERWISE REQUISITE COST OF GENERATION?***

4 ***A37.*** Yes. Ohio Revised Code 4928.64(C)(3). However, primarily because of the limited
5 REC purchase requirements in the early years of the mandate, FirstEnergy did not meet
6 or exceed the 3% provision of Ohio law even while purchasing In-State All Renewable
7 RECs at prohibitive prices.³⁴

8
9 ***Q38. WHAT IS YOUR OPINION ABOUT FIRSTENERGY'S DECISION TO PAY***
10 ***EXCESSIVE AMOUNTS FOR IN-STATE ALL RENEWABLE ENERGY CREDITS?***

11 ***A38.*** Those excessive costs were imprudently and unreasonably incurred and, pursuant to the
12 terms of the Stipulation authorizing Rider AER,³⁵ customers should not have to pay those
13 imprudent costs.

³⁴ GS set-2 INT-4.

³⁵ February, 19, 2009 Stipulation in Case 08-935_EL-SSO, paragraph 9 states, "Renewable energy resource requirements for the period January 1, 2009 through May 31, 2011 will be met using a separate RFP process to obtain Renewable Energy Credits, A generation rider will be established to recover, on a quarterly basis, the *prudently incurred cost* of such credits pursuant to R.C. § 4928.64 including the cost of administering the RFP and carrying charges on any un-recovered balances including accumulated deferred interest."

1 ***Q39. WHY DO YOU AGREE WITH THE EXETER AUDIT REPORT FINDING 8 —***
2 ***THAT “THE FIRSTENERGY OHIO UTILITIES SHOULD HAVE BEEN AWARE***
3 ***THAT THE PRICES BID BY FIRSTENERGY SOLUTIONS REFLECTED***
4 ***SIGNIFICANT ECONOMIC RENTS AND WERE EXCESSIVE BY ANY***
5 ***REASONABLE MEASURE”³⁶—IS SUPPORTED BY MARKET DATA THAT WAS***
6 ***AVAILABLE AT THE TIME THE DECISIONS TO PURCHASE THESE RECS***
7 ***WERE MADE?***

8 ***A39.*** Yes, I agree. FirstEnergy’s payments contained significant economic rents. The basic
9 evidence of this was discussed earlier and shown in Table 5 (Exeter Audit Report) and,
10 more importantly, in the significantly lower compliance costs paid by other Ohio utilities.
11 Historical Market data from other states and other data available at the time of purchase
12 was more than adequate to have guided FirstEnergy to reject the purchase of these RECs
13 in light of the other alternatives available to it. “Economic rents” are “excess returns”
14 above “normal levels” that take place in competitive markets. The PUCO should protect
15 customers from paying these economic rents.

³⁶ Exeter Audit Report (Redacted) at iv.

1 ***Q40. DO YOU AGREE WITH THE EXETER AUDIT REPORT'S RECOMMENDATION***
2 ***THAT "THE COMMISSION EXAMINE THE DISALLOWANCE OF EXCESSIVE***
3 ***COSTS ASSOCIATED WITH PURCHASING RECS TO MEET THE***
4 ***FIRSTENERGY OHIO UTILITIES' IN-STATE ALL RENEWABLES***
5 ***OBLIGATIONS?"***³⁷

6 ***A40.*** Yes. For the reasons I have more fully explained in my testimony above, I agree. And
7 the PUCO should not just examine such a disallowance. It should, indeed, disallow
8 FirstEnergy's collection, from customers, of the excessively priced In-State All
9 Renewable RECs that it unreasonably and imprudently purchased.

10
11 ***Q41. HOW MUCH OF A DISALLOWANCE ARE YOU RECOMMENDING?***

12 ***A41.*** I recommend a disallowance of \$157.7 million. My calculation of that disallowance is set
13 forth on Exhibit WG-3. The calculation disallows all In-State All Renewable REC
14 purchases made during the audit period by FirstEnergy above the ACP.

15
16 ***Q42. DO YOU HAVE ANY OTHER RECOMMENDATIONS REGARDING***
17 ***FIRSTENERGY'S PROCUREMENT OF IN-STATE ALL RENEWABLE ENERGY***
18 ***CREDITS?***

19 ***A42.*** Yes, I do.

³⁷ Id.

1 ***Q43. PLEASE EXPLAIN YOUR OTHER RECOMMENDATIONS REGARDING***
2 ***FIRSTENERGY'S PROCUREMENT OF IN-STATE ALL RENEWABLE ENERGY***
3 ***CREDITS.***

4 ***A43.*** An interest payment is warranted for the time consumers extended FirstEnergy the
5 imprudent AER charges. In total, I have calculated \$31.2 million in carrying costs, which
6 should be credited to the benefit of consumers' bills for the delay in reimbursing them.³⁸

7
8 I also recommend that if the PUCO finds that FirstEnergy acted inappropriately and that
9 it must reimburse consumers for its excessive charges—then the PUCO should impose a
10 penalty to be paid by FirstEnergy. Merely requiring FirstEnergy to return the excessive
11 charges to consumers is not an adequate disincentive or deterrent to FirstEnergy against
12 its repeating this inappropriate purchasing of RECs. The mere return of the excessive
13 charges does not cost FirstEnergy its own money—it just means FirstEnergy would
14 return to consumers the money that is owed to consumers. Accordingly, I recommend
15 that, after a Commission ruling in this proceeding that FirstEnergy acted inappropriately
16 and must reimburse consumers for the excessive charges, the Commission should
17 promptly open a second phase of this docket to determine the appropriateness and
18 amount of such penalty.

³⁸ Based on a monthly carrying cost rate of 0.7066% per month. See Goldenberg Report at 15.

1 ***Q44. HOW SHOULD ANY COMMISSION-ORDERED DISALLOWANCE BE***
2 ***REIMBURSED TO CONSUMERS?"***

3 ***A44.*** I am recommending that a total of \$173.6 million be credited to consumers over one year
4 starting with the next quarterly AER filing following the Order in this case. I am also
5 recommending that \$15.3 million (that represents an ACP equivalent payment for
6 FirstEnergy's In-State All Renewable REC requirements) be deposited to the credit of the
7 Advanced Energy Fund created under Section 4928.61, Revised Code for the funding of
8 renewable projects.

10 ***Q45. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.***

11 ***A45.*** To support consumers' interest in just and reasonable rates,³⁹ I recommend that:

- 13 1. The Commission should disallow \$157.7 million from the AER
14 Rider from the over-priced RECs that FirstEnergy purchased from
15 its affiliate FES.
- 16 2. The Commission should reimburse consumers for carrying costs
17 paid and assess additional interest pending full reimbursement to
18 customers, of \$31.2 million with respect to disallowed funds
19 credited to consumers.
- 20 3. The Commission should--after a ruling that FirstEnergy acted
21 inappropriately and that it must reimburse consumers for its

³⁹ See R.C. 4928.02: "It is the policy of the state to do the following throughout the state: (A) Ensure the availability to consumers of adequate, reliable, safe, efficient, non-discriminatory, and reasonably priced retail electric service."

1 excessive charges--promptly open a second phase of this docket to
2 determine an appropriate penalty.

3
4 **IV. CONCLUSION**

5
6 ***Q46. DOES THIS CONCLUDE YOUR TESTIMONY?***

7 ***A46.*** Yes. However, I reserve the right to supplement my testimony to incorporate new
8 information and/or discovery responses that may subsequently become available. I also
9 reserve the right to supplement my testimony in response to positions taken by
10 FirstEnergy, the PUCO Staff or other parties.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Direct Testimony of Wilson Gonzalez (Confidential Version)* by the Office of the Ohio Consumers' Counsel has been served upon those persons listed below via electronic mail this 31st day of January 2013.

Melissa R. Yost
Deputy Consumers' Counsel

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Mr. Gonzalez has submitted testimony in the following cases before the Public Utility Commission of Ohio:

- Vectren Energy Delivery of Ohio, Case No. 04-571-GA-AIR
- Dominion East Ohio, Case No. 05-474-GA-ATA
- Dominion East Ohio, Case No. 07-829-GA-AIR
- Vectren Energy Delivery of Ohio, Case No. 05-1444-GA-UNC
- Columbus Southern Company/Ohio Power Company, Case No. 06-222-EL-SLF
- Duke Energy of Ohio, Case No. 07-589-GA-AIR
- FirstEnergy Companies, Case Nos. 07-551-EL-AIR, et al.
- Vectren Energy Delivery of Ohio, Case No. 07-1080-GA-AIR
- FirstEnergy Companies, Case No. 08-935-EL-SSO
- FirstEnergy Companies, Case No. 08-936-EL-SSO
- Duke Energy of Ohio, Case No. 08-920-EL-SSO
- AEP, Case No. 08-917-EL-SSO
- DPL, Case No. 08-1094-EL-SSO
- FirstEnergy Companies, Case No. 09-906-EL-SSO
- Duke Energy of Ohio, Case No. 10-1999-EL-POR
- FirstEnergy Companies, Case No. 10-388-EL-SSO

- FirstEnergy Companies, Case No. 10-1128-EL-CSS
- AEP, Case No. 11-351-EL-AIR
- FirstEnergy Companies, Case No. 12-1230-EL-SSO
- FirstEnergy Companies, Case No. 12-2190-EL-POR

FE AER Rider Comparisons with Other Ohio EDUs

Exhibit WG-2

Ohio Electric Distribution Companies AER Rates (cents per kWh)*

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CEI	0.0611	0.3486	0.3313	0.3017	0.4384	0.4612	0.4699	0.4699	0.4699
OE	0.0647	0.3288	0.3317	0.2844	0.3097	0.2927	0.2776	0.2776	0.2776
TE	0.0696	0.3363	0.3211	0.3255	0.4232	0.4031	0.3695	0.3695	0.3695
DP&L	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115
DE-O	0.1378	0.0209	0.0274	0.0264	0.042	0.0358	0.0339	0.035	0.0341
CSP	0.0077	0.0709	0.0593	0.038	0.0763	0.0802	0.0773	na	na
OP	0.0079	0.0582	0.048	0.0338	0.0628	0.0603	0.0589	na	na

AER Rates after Adjusting for Impact of Shopping (cents per kWh)**

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CEI	0.0611	0.340529	0.276614	0.305997	0.355527	0.29447	0.431816	0.453434	0.405358
OE	0.0647	0.326221	0.249886	0.337839	0.227558	0.278836	0.225055	0.30588	0.244005
TE	0.0696	0.291983	0.28271	0.344149	0.374186	0.370919	0.343159	0.38651	0.336917
DP&L	0.0115	0.010845	0.009893	0.011022	0.008651	0.013412	0.009995	0.011709	0.010192
DE-O	0.1378	0.018846	0.02414	0.021334	0.039381	0.02893	0.03501	0.034856	0.031243
CSP	0.0077	0.068831	0.063638	0.039179	0.066762	0.077104	0.076134	na	na
OP	0.0079	0.058879	0.046516	0.035699	0.064091	0.059016	0.057464	na	na

FE Companies AER Rate Index Relative to other Ohio EDUs (FE Companies = 1)***

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
DPL									
CEI	5.3	31.4	28.0	27.8	41.1	22.0	43.2	38.7	39.8
OE	5.6	30.1	25.3	30.7	26.3	20.8	22.5	26.1	23.9
TE	6.1	26.9	28.6	31.2	43.3	27.7	34.3	33.0	33.1
DE-O									
CEI	0.4	18.1	11.5	14.3	9.0	10.2	12.3	13.0	13.0
OE	0.5	17.3	10.4	15.8	5.8	9.6	6.4	8.8	7.8
TE	0.5	15.5	11.7	16.1	9.5	12.8	9.8	11.1	10.8
CSP									
CEI	7.9	4.9	4.3	7.8	5.3	3.8	5.7	na	na
OE	8.4	4.7	3.9	8.6	3.4	3.6	3.0	na	na
TE	9.0	4.2	4.4	8.8	5.6	4.8	4.5	na	na
OP									
CEI	7.7	5.8	5.9	8.6	5.5	5.0	7.5	na	na
OE	8.2	5.5	5.4	9.5	3.6	4.7	3.9	na	na
TE	8.8	5.0	6.1	9.6	5.8	6.3	6.0	na	na

Ohio EDU
Non-Shopping (MWh)****

CEI	707488	691108	577031	585250	474617	303037	278477	268719	231810
OE	1001896	994038	748857	889568	653628	622668	504807	556234	488918
TE	371536	322576	284010	300282	265504	244308	226892	237337	216408

DPL	1006564	949222	816541	782592	588724	686608	596747	607605	538493
DE-O	1125486	1014893	894153	722554	677497	547489	565420	563096	515921
CSP	1655216	1606907	1724462	1777962	1555700	1495649	1473089	1512887	1366761
OP	2118637	2143348	2077091	2193791	2238888	2191208	2137770	2195895	2027229

* Table Reproduced from Page 9 of Goldenberg Schneider, LPA Financial Audit.

** Goldenberg Schneider Table controlled for EDU Shopping Sales Volumes

*** Compares adjusted quarterly AER rates of the FirstEnergy Companies with other Ohio EDUs.

**** From PUCO Reports of Switch Rates from EDUs to CRES Providers in Terms of Sales

<http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice->

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2009
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Dec	2009	220968	153983	331679	707488
CRES Providers	CEI	31-Dec	2009	262399	327138	167249	771949
Total Sales	CEI	31-Dec	2009	483365	481121	498928	1479437
EDU Share	CEI	31-Dec	2009	45.71%	32.01%	66.48%	47.82%
Electric Choice Sales Switch Rates	CEI	31-Dec	2009	54.29%	67.99%	33.52%	52.18%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Dec	2009	565972	346789	139153	1125486
CRES Providers	DUKE	31-Dec	2009	54842	253082	439848	799658
Total Sales	DUKE	31-Dec	2009	620814	599871	579001	1925144
EDU Share	DUKE	31-Dec	2009	91.17%	57.81%	24.03%	58.46%
Electric Choice Sales Switch Rates	DUKE	31-Dec	2009	8.83%	42.19%	75.97%	41.54%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Dec	2009	587595	685681	377361	1655216
CRES Providers	CSP	31-Dec	2009	0	13075	0	13075
Total Sales	CSP	31-Dec	2009	587595	698756	377361	1668291
EDU Share	CSP	31-Dec	2009	100.000%	98.129%	100.000%	99.216%
Electric Choice Sales Switch Rates	CSP	31-Dec	2009	0.000%	1.871%	0.000%	0.784%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Dec	2009	460883	283925	189482	1006584
CRES Providers	DPL	31-Dec	2009	0	13580	77607	125038
Total Sales	DPL	31-Dec	2009	460883	297485	287089	1131602
EDU Share	DPL	31-Dec	2009	100.00%	95.44%	70.94%	88.95%
Electric Choice Sales Switch Rates	DPL	31-Dec	2009	0.00%	4.56%	29.06%	11.05%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2009
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Dec	2009	533357	247311	208185	1001896
CRES Providers	OEC	31-Dec	2009	258271	351953	251133	867251
Total Sales	OEC	31-Dec	2009	791628	599264	459318	1869147
EDU Share	OEC	31-Dec	2009	67.37%	41.27%	45.32%	53.60%
Electric Choice Sales Switch Rates	OEC	31-Dec	2009	32.63%	58.73%	54.68%	46.40%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Dec	2009	822424	484069	1004028	2118637
CRES Providers	OP	31-Dec	2009	0	0	0	0
Total Sales	OP	31-Dec	2009	822424	484069	1004028	2118637
EDU Share	OP	31-Dec	2009	100.00%	100.00%	100.00%	100.00%
Electric Choice Sales Switch Rates	OP	31-Dec	2009	0.00%	0.00%	0.00%	0.00%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Dec	2009	109492	81010	178333	371536
CRES Providers	TE	31-Dec	2009	109866	155413	183667	456294
Total Sales	TE	31-Dec	2009	219358	236423	362000	827830
EDU Share	TE	31-Dec	2009	49.91%	34.26%	49.28%	44.88%
Electric Choice Sales Switch Rates	TE	31-Dec	2009	50.09%	65.74%	50.74%	55.12%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio. Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Updated April 2010

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Mar	2010	235680	144625	299589	691108
CRES Providers	CEI	31-Mar	2010	237557	357642	201182	807161
Total Sales	CEI	31-Mar	2010	473237	502267	500771	1498269
EDU Share	CEI	31-Mar	2010	49.80%	28.79%	59.83%	46.13%
Electric Choice Sales Switch Rates	CEI	31-Mar	2010	50.20%	71.21%	40.17%	53.87%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Mar	2010	535921	288683	126862	1014893
CRES Providers	DUKE	31-Mar	2010	49879	362056	533731	1006046
Total Sales	DUKE	31-Mar	2010	585800	650739	680593	2020939
EDU Share	DUKE	31-Mar	2010	81.49%	44.36%	19.20%	50.22%
Electric Choice Sales Switch Rates	DUKE	31-Mar	2010	8.51%	55.64%	80.80%	49.78%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Mar	2010	597875	652519	351810	1606907
CRES Providers	CSP	31-Mar	2010	0	13446	0	13446
Total Sales	CSP	31-Mar	2010	597875	665965	351810	1620353
EDU Share	CSP	31-Mar	2010	100.000%	97.981%	100.000%	99.170%
Electric Choice Sales Switch Rates	CSP	31-Mar	2010	0.000%	2.019%	0.000%	0.830%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Mar	2010	502968	259453	133232	949222
CRES Providers	DPL	31-Mar	2010	55	61570	123010	234322
Total Sales	DPL	31-Mar	2010	503023	321023	256242	1183544
EDU Share	DPL	31-Mar	2010	99.99%	80.82%	51.99%	80.20%
Electric Choice Sales Switch Rates	DPL	31-Mar	2010	0.01%	19.18%	48.01%	19.80%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio. Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Mar	2010	574015	213843	193528	994038
CRES Providers	OEC	31-Mar	2010	265671	401356	272508	945469
Total Sales	OEC	31-Mar	2010	839686	614999	466036	1939507
EDU Share	OEC	31-Mar	2010	68.36%	34.74%	41.53%	51.25%
Electric Choice Sales Switch Rates	OEC	31-Mar	2010	31.64%	65.26%	58.47%	48.75%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Mar	2010	595882	457342	1083465	2143348
CRES Providers	OP	31-Mar	2010	0	0	0	0
Total Sales	OP	31-Mar	2010	595882	457342	1083465	2143348
EDU Share	OP	31-Mar	2010	100.00%	100.00%	100.00%	100.00%
Electric Choice Sales Switch Rates	OP	31-Mar	2010	0.00%	0.00%	0.00%	0.00%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Mar	2010	115755	63807	138706	322576
CRES Providers	TE	31-Mar	2010	104177	181053	178208	491595
Total Sales	TE	31-Mar	2010	219932	244860	316912	814171
EDU Share	TE	31-Mar	2010	52.63%	26.06%	43.77%	39.62%
Electric Choice Sales Switch Rates	TE	31-Mar	2010	47.37%	73.94%	56.23%	60.38%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending June 30, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	30-Jun	2010	161995	104446	298032	577031
CRES Providers	CEI	30-Jun	2010	260458	446012	234730	960874
Total Sales	CEI	30-Jun	2010	422453	550458	532762	1537905
EDU Share	CEI	30-Jun	2010	38.35%	18.97%	55.94%	37.52%
Electric Choice Sales Switch Rates	CEI	30-Jun	2010	61.65%	81.03%	44.06%	62.48%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	30-Jun	2010	546210	233688	65133	894153
CRES Providers	DUKE	30-Jun	2010	80043	459194	340855	923343
Total Sales	DUKE	30-Jun	2010	626253	692882	405788	1817498
EDU Share	DUKE	30-Jun	2010	87.22%	33.73%	16.05%	49.20%
Electric Choice Sales Switch Rates	DUKE	30-Jun	2010	12.78%	66.27%	83.95%	50.80%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	30-Jun	2010	551603	768378	399877	1724462
CRES Providers	CSP	30-Jun	2010	0	47900	869	48769
Total Sales	CSP	30-Jun	2010	551603	816278	400746	1773231
EDU Share	CSP	30-Jun	2010	100.000%	94.132%	99.783%	97.250%
Electric Choice Sales Switch Rates	CSP	30-Jun	2010	0.000%	5.868%	0.217%	2.750%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	30-Jun	2010	422694	241392	97933	816541
CRES Providers	DPL	30-Jun	2010	57	138134	211298	418415
Total Sales	DPL	30-Jun	2010	422751	379526	309231	1234956
EDU Share	DPL	30-Jun	2010	99.99%	63.60%	31.67%	66.12%
Electric Choice Sales Switch Rates	DPL	30-Jun	2010	0.01%	36.40%	68.33%	33.88%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio. Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending June 30, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	30-Jun	2010	387676	172266	177086	748857
CRES Providers	OEC	30-Jun	2010	307280	498038	353861	1174468
Total Sales	OEC	30-Jun	2010	694956	668304	531047	1923325
EDU Share	OEC	30-Jun	2010	55.78%	25.78%	33.35%	38.94%
Electric Choice Sales Switch Rates	OEC	30-Jun	2010	44.22%	74.22%	66.65%	61.06%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	30-Jun	2010	485194	493608	1093178	2077091
CRES Providers	OP	30-Jun	2010	0	708	0	708
Total Sales	OP	30-Jun	2010	485194	494312	1093178	2077797
EDU Share	OP	30-Jun	2010	100.00%	99.86%	100.00%	99.97%
Electric Choice Sales Switch Rates	OP	30-Jun	2010	0.00%	0.14%	0.00%	0.03%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	30-Jun	2010	91095	56086	132590	284010
CRES Providers	TE	30-Jun	2010	106335	213710	222685	574177
Total Sales	TE	30-Jun	2010	197430	269796	355275	858187
EDU Share	TE	30-Jun	2010	46.14%	20.79%	37.32%	33.09%
Electric Choice Sales Switch Rates	TE	30-Jun	2010	53.86%	79.21%	62.68%	66.91%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending September 30, 2010
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	30-Sep	2010	189056	86944	297922	585250
CRES Providers	CEI	30-Sep	2010	341893	472352	237320	1078864
Total Sales	CEI	30-Sep	2010	530949	559296	535242	1684134
EDU Share	CEI	30-Sep	2010	35.61%	15.55%	55.66%	35.17%
Electric Choice Sales Switch Rates	CEI	30-Sep	2010	64.39%	64.45%	44.34%	64.83%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	30-Sep	2010	475091	179939	53654	725544
CRES Providers	DUKE	30-Sep	2010	139716	502178	336422	1046880
Total Sales	DUKE	30-Sep	2010	614807	682117	390076	1769214
EDU Share	DUKE	30-Sep	2010	77.27%	26.38%	13.75%	40.84%
Electric Choice Sales Switch Rates	DUKE	30-Sep	2010	22.73%	73.62%	86.25%	59.16%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	30-Sep	2010	651709	733367	389826	1777962
CRES Providers	CSP	30-Sep	2010	0	51299	1834	53133
Total Sales	CSP	30-Sep	2010	651709	784666	391660	1831095
EDU Share	CSP	30-Sep	2010	100.000%	93.482%	99.532%	97.098%
Electric Choice Sales Switch Rates	CSP	30-Sep	2010	0.000%	6.538%	0.468%	2.902%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	30-Sep	2010	463249	212595	61795	782592
CRES Providers	DPL	30-Sep	2010	71	143865	256822	490926
Total Sales	DPL	30-Sep	2010	463320	356260	318617	1273518
EDU Share	DPL	30-Sep	2010	99.98%	59.87%	19.39%	61.45%
Electric Choice Sales Switch Rates	DPL	30-Sep	2010	0.02%	40.33%	80.61%	38.55%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Revised from corrected CRES Provider Information

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending September 30, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	30-Sep	2010	509205	179789	188549	889588
CRES Providers	OEC	30-Sep	2010	357313	519508	392185	1281899
Total Sales	OEC	30-Sep	2010	866518	899275	580734	2171467
EDU Share	OEC	30-Sep	2010	58.78%	25.71%	32.47%	40.97%
Electric Choice Sales Switch Rates	OEC	30-Sep	2010	41.24%	74.29%	67.53%	59.03%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	30-Sep	2010	598330	518054	1071618	2193791
CRES Providers	OP	30-Sep	2010	0	60	0	60
Total Sales	OP	30-Sep	2010	598330	518114	1071618	2193851
EDU Share	OP	30-Sep	2010	100.00%	99.99%	100.00%	100.00%
Electric Choice Sales Switch Rates	OP	30-Sep	2010	0.00%	0.01%	0.00%	0.00%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	30-Sep	2010	110147	51462	134424	300282
CRES Providers	TE	30-Sep	2010	132411	229289	236589	632539
Total Sales	TE	30-Sep	2010	242558	280751	371013	932821
EDU Share	TE	30-Sep	2010	45.41%	18.33%	36.23%	32.19%
Electric Choice Sales Switch Rates	TE	30-Sep	2010	54.59%	81.67%	63.77%	67.81%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Revised from corrected CRES Provider information

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2010
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Dec	2010	137790	76393	248022	474617
CRES Providers	CEI	31-Dec	2010	355624	453132	217666	1042468
Total Sales	CEI	31-Dec	2010	493414	529525	465688	1517085
EDU Share	CEI	31-Dec	2010	27.93%	14.43%	53.26%	31.28%
Electric Choice Sales Switch Rates	CEI	31-Dec	2010	72.07%	85.57%	46.74%	68.72%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Dec	2010	466902	149952	48433	677497
CRES Providers	DUKE	31-Dec	2010	160952	469367	337559	1012790
Total Sales	DUKE	31-Dec	2010	627854	619319	385992	1690287
EDU Share	DUKE	31-Dec	2010	74.36%	24.21%	12.55%	40.08%
Electric Choice Sales Switch Rates	DUKE	31-Dec	2010	25.64%	75.79%	67.45%	59.92%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Dec	2010	616431	573843	380946	1555700
CRES Providers	CSP	31-Dec	2010	1	97595	19366	116962
Total Sales	CSP	31-Dec	2010	616432	671438	380314	1672662
EDU Share	CSP	31-Dec	2010	100.000%	85.465%	94.908%	93.007%
Electric Choice Sales Switch Rates	CSP	31-Dec	2010	0.000%	14.535%	5.092%	6.993%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Dec	2010	331451	158847	51428	588724
CRES Providers	DPL	31-Dec	2010	65	136504	235502	448572
Total Sales	DPL	31-Dec	2010	331516	295351	286930	1037298
EDU Share	DPL	31-Dec	2010	99.98%	53.76%	17.92%	56.76%
Electric Choice Sales Switch Rates	DPL	31-Dec	2010	0.02%	46.22%	82.08%	43.24%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio. Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data - will update upon receipt of additional CRES data

Summary of Switch Rates from EDUs to CRES Providers In Terms of Sales
For the Month Ending December 31, 2010
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Dec	2010	347736	119728	173749	653628
CRES Providers	OEC	31-Dec	2010	477048	495207	357812	1342375
Total Sales	OEC	31-Dec	2010	824784	614935	531561	1998003
EDU Share	OEC	31-Dec	2010	42.16%	19.47%	32.89%	32.75%
Electric Choice Sales Switch Rates	OEC	31-Dec	2010	57.84%	80.53%	67.31%	67.25%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Dec	2010	628585	485696	1116821	2238888
CRES Providers	OP	31-Dec	2010	0	954	0	954
Total Sales	OP	31-Dec	2010	628585	486650	1116821	2239842
EDU Share	OP	31-Dec	2010	100.00%	99.80%	100.00%	99.96%
Electric Choice Sales Switch Rates	OP	31-Dec	2010	0.00%	0.20%	0.00%	0.04%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Dec	2010	102530	43700	115020	265504
CRES Providers	TE	31-Dec	2010	118121	203072	244991	569300
Total Sales	TE	31-Dec	2010	221651	246772	360011	834804
EDU Share	TE	31-Dec	2010	46.26%	17.71%	31.95%	31.80%
Electric Choice Sales Switch Rates	TE	31-Dec	2010	53.74%	82.29%	68.05%	68.20%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data - will update upon receipt of additional CRES data

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Mar	2011	125889	96723	68028	303037
CRES Providers	CEI	31-Mar	2011	380385	495358	437288	1313036
Total Sales	CEI	31-Mar	2011	506274	592081	505314	1616073
EDU Share	CEI	31-Mar	2011	24.87%	16.34%	13.46%	18.75%
Electric Choice Sales Switch Rates	CEI	31-Mar	2011	75.13%	83.66%	86.54%	81.25%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Mar	2011	392013	123928	19728	547489
CRES Providers	DUKE	31-Mar	2011	181986	400523	397502	1089624
Total Sales	DUKE	31-Mar	2011	573979	524451	417230	1637113
EDU Share	DUKE	31-Mar	2011	68.30%	23.63%	4.73%	33.44%
Electric Choice Sales Switch Rates	DUKE	31-Mar	2011	31.70%	76.37%	95.27%	66.56%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Mar	2011	620886	469466	399559	1495649
CRES Providers	CSP	31-Mar	2011	53	213300	57377	271353
Total Sales	CSP	31-Mar	2011	620939	682766	456936	1767002
EDU Share	CSP	31-Mar	2011	99.991%	68.759%	87.443%	84.643%
Electric Choice Sales Switch Rates	CSP	31-Mar	2011	0.009%	31.241%	12.557%	15.357%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Mar	2011	468551	133111	50320	686808
CRES Providers	DPL	31-Mar	2011	80	152287	229656	382003
Total Sales	DPL	31-Mar	2011	468611	285398	279976	1066611
EDU Share	DPL	31-Mar	2011	99.99%	46.64%	17.97%	64.25%
Electric Choice Sales Switch Rates	DPL	31-Mar	2011	0.01%	53.36%	82.03%	35.75%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio. Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Mar	2011	324785	103952	181014	622668
CRES Providers	OEC	31-Mar	2011	482420	441992	483347	1407800
Total Sales	OEC	31-Mar	2011	807205	545944	664361	2030468
EDU Share	OEC	31-Mar	2011	40.24%	19.04%	27.25%	30.67%
Electric Choice Sales Switch Rates	OEC	31-Mar	2011	59.76%	80.96%	72.75%	69.33%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Mar	2011	640138	453277	1091348	2191208
CRES Providers	OP	31-Mar	2011	30	4489	6280	10799
Total Sales	OP	31-Mar	2011	640168	457766	1097628	2202007
EDU Share	OP	31-Mar	2011	100.00%	99.02%	99.43%	99.51%
Electric Choice Sales Switch Rates	OP	31-Mar	2011	0.00%	0.98%	0.57%	0.49%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Mar	2011	81873	29874	128037	244308
CRES Providers	TE	31-Mar	2011	137862	142232	320457	600394
Total Sales	TE	31-Mar	2011	219535	172106	448494	844702
EDU Share	TE	31-Mar	2011	37.29%	17.36%	28.55%	28.92%
Electric Choice Sales Switch Rates	TE	31-Mar	2011	62.71%	82.64%	71.45%	71.08%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending June 30, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	30-Jun	2011	92741	93898	79540	278477
CRES Providers	CEI	30-Jun	2011	323619	479352	446721	1249699
Total Sales	CEI	30-Jun	2011	416360	573248	526261	1528178
EDU Share	CEI	30-Jun	2011	22.27%	16.38%	15.11%	18.22%
Electric Choice Sales Switch Rates	CEI	30-Jun	2011	77.73%	83.62%	84.89%	81.78%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	30-Jun	2011	412690	124385	17730	565420
CRES Providers	DUKE	30-Jun	2011	208319	464541	414999	1208425
Total Sales	DUKE	30-Jun	2011	621009	588926	432729	1773845
EDU Share	DUKE	30-Jun	2011	66.45%	21.12%	4.10%	31.86%
Electric Choice Sales Switch Rates	DUKE	30-Jun	2011	33.55%	78.88%	95.90%	68.12%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	30-Jun	2011	590883	467754	390391	1473089
CRES Providers	CSP	30-Jun	2011	5576	265893	67505	339282
Total Sales	CSP	30-Jun	2011	596259	753647	457896	1812371
EDU Share	CSP	30-Jun	2011	99.065%	64.719%	85.258%	81.280%
Electric Choice Sales Switch Rates	CSP	30-Jun	2011	0.935%	35.281%	14.742%	18.720%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	30-Jun	2011	416568	122750	30499	596747
CRES Providers	DPL	30-Jun	2011	1075	200425	272077	569243
Total Sales	DPL	30-Jun	2011	417643	323175	302576	1165990
EDU Share	DPL	30-Jun	2011	99.74%	37.98%	10.08%	51.18%
Electric Choice Sales Switch Rates	DPL	30-Jun	2011	0.26%	62.02%	89.92%	48.82%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

DPL - Updated

**Summary of Switch Rates from EDUs to CRES Providers In Terms of Sales
For the Month Ending June 30, 2011
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	30-Jun	2011	252908	100510	139477	504807
CRES Providers	OEC	30-Jun	2011	456156	458034	563518	1477746
Total Sales	OEC	30-Jun	2011	709064	558544	702995	1982553
EDU Share	OEC	30-Jun	2011	35.67%	18.00%	19.84%	25.46%
Electric Choice Sales Switch Rates	OEC	30-Jun	2011	64.33%	82.00%	80.16%	74.54%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	30-Jun	2011	546061	466501	1120906	2137770
CRES Providers	OP	30-Jun	2011	714	23932	19546	44476
Total Sales	OP	30-Jun	2011	546775	490433	1140452	2182246
EDU Share	OP	30-Jun	2011	99.87%	98.29%	97.96%	97.96%
Electric Choice Sales Switch Rates	OP	30-Jun	2011	0.13%	4.88%	1.71%	2.04%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	30-Jun	2011	63799	26566	132173	226892
CRES Providers	TE	30-Jun	2011	127417	149390	349960	626801
Total Sales	TE	30-Jun	2011	191216	175956	482133	853693
EDU Share	TE	30-Jun	2011	33.36%	15.10%	27.41%	28.58%
Electric Choice Sales Switch Rates	TE	30-Jun	2011	66.64%	84.90%	72.59%	73.42%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, Industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

DPL - Updated

3/26/2011

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending September 30, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	30-Sep	2011	115675	76170	64586	268719
CRES Providers	CEI	30-Sep	2011	402815	523983	477893	1404495
Total Sales	CEI	30-Sep	2011	518290	600153	542479	1673214
EDU Share	CEI	30-Sep	2011	22.32%	12.69%	11.91%	16.06%
Electric Choice Sales Switch Rates	CEI	30-Sep	2011	77.68%	87.31%	88.09%	83.94%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	30-Sep	2011	417392	116208	20171	563098
CRES Providers	DUKE	30-Sep	2011	218564	469112	404064	1209315
Total Sales	DUKE	30-Sep	2011	635946	585320	424235	1772411
EDU Share	DUKE	30-Sep	2011	65.83%	19.85%	4.75%	31.77%
Electric Choice Sales Switch Rates	DUKE	30-Sep	2011	34.37%	80.15%	95.25%	68.23%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	30-Sep	2011	649498	469361	390685	1512867
CRES Providers	CSP	30-Sep	2011	5034	320271	75901	401554
Total Sales	CSP	30-Sep	2011	654532	789632	466586	1914441
EDU Share	CSP	30-Sep	2011	99.231%	59.440%	83.733%	79.025%
Electric Choice Sales Switch Rates	CSP	30-Sep	2011	0.769%	40.560%	16.267%	20.975%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	30-Sep	2011	408076	109960	27255	607605
CRES Providers	DPL	30-Sep	2011	26065	226486	294714	606856
Total Sales	DPL	30-Sep	2011	432181	336446	321969	1214461
EDU Share	DPL	30-Sep	2011	93.96%	32.68%	8.47%	50.03%
Electric Choice Sales Switch Rates	DPL	30-Sep	2011	6.04%	67.32%	91.63%	49.97%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Sales" include "Other Sales" (e.g. street lighting).

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending September 30, 2011
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	30-Sep	2011	303071	97451	143760	556234
CRES Providers	OEC	30-Sep	2011	546602	503520	584414	1634572
Total Sales	OEC	30-Sep	2011	849673	600971	728174	2180808
EDU Share	OEC	30-Sep	2011	35.67%	16.22%	19.74%	25.39%
Electric Choice Sales Switch Rates	OEC	30-Sep	2011	64.33%	83.78%	80.26%	74.61%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	30-Sep	2011	612343	468066	1110130	2195895
CRES Providers	OP	30-Sep	2011	873	44461	47205	92800
Total Sales	OP	30-Sep	2011	613216	512527	1157335	2288695
EDU Share	OP	30-Sep	2011	99.86%	91.33%	95.92%	95.95%
Electric Choice Sales Switch Rates	OP	30-Sep	2011	0.14%	8.67%	4.08%	4.05%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	30-Sep	2011	77150	27768	128069	237337
CRES Providers	TE	30-Sep	2011	169032	159518	377660	706246
Total Sales	TE	30-Sep	2011	246182	187286	505729	943583
EDU Share	TE	30-Sep	2011	31.34%	14.83%	25.32%	25.15%
Electric Choice Sales Switch Rates	TE	30-Sep	2011	68.66%	85.17%	74.68%	74.85%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Sales" include "Other Sales" (e.g. street lighting).

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Dec	2011	102202	61727	56626	231810
CRES Providers	CEI	31-Dec	2011	329675	470772	434653	1235103
Total Sales	CEI	31-Dec	2011	431877	532499	491279	1468913
EDU Share	CEI	31-Dec	2011	23.66%	11.59%	11.53%	15.80%
Electric Choice Sales Switch Rates	CEI	31-Dec	2011	76.34%	88.41%	88.47%	84.20%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Dec	2011	391851	99513	18077	515921
CRES Providers	DUKE	31-Dec	2011	205827	398251	371894	1075725
Total Sales	DUKE	31-Dec	2011	597478	497764	387771	1591646
EDU Share	DUKE	31-Dec	2011	65.55%	19.99%	4.15%	32.41%
Electric Choice Sales Switch Rates	DUKE	31-Dec	2011	34.45%	80.01%	95.85%	67.59%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Dec	2011	601383	378622	383402	1366761
CRES Providers	CSP	31-Dec	2011	28342	314136	77544	420269
Total Sales	CSP	31-Dec	2011	629725	692758	460946	1787030
EDU Share	CSP	31-Dec	2011	95.499%	54.854%	83.177%	76.482%
Electric Choice Sales Switch Rates	CSP	31-Dec	2011	4.501%	45.346%	16.823%	23.518%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Dec	2011	381459	88065	22205	538493
CRES Providers	DPL	31-Dec	2011	52187	194254	254718	563814
Total Sales	DPL	31-Dec	2011	433646	282319	276923	1102307
EDU Share	DPL	31-Dec	2011	87.97%	31.19%	8.02%	48.85%
Electric Choice Sales Switch Rates	DPL	31-Dec	2011	12.03%	68.81%	91.98%	51.15%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Sales" include "Other Sales" (e.g. street lighting).

*****Preliminary Data

Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2011
(MWh)

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Dec	2011	273323	79103	124105	488918
CRES Providers	OEC	31-Dec	2011	452080	438537	542279	1438942
Total Sales	OEC	31-Dec	2011	725403	517840	666384	1927860
EDU Share	OEC	31-Dec	2011	37.68%	15.28%	18.62%	25.36%
Electric Choice Sales Switch Rates	OEC	31-Dec	2011	62.32%	84.72%	81.38%	74.64%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Dec	2011	646629	402199	971168	2027229
CRES Providers	OP	31-Dec	2011	19515	68403	83712	172158
Total Sales	OP	31-Dec	2011	666344	470602	1054880	2199387
EDU Share	OP	31-Dec	2011	97.07%	85.46%	92.06%	92.17%
Electric Choice Sales Switch Rates	OP	31-Dec	2011	2.93%	14.54%	7.94%	7.83%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Dec	2011	74777	24027	113332	216408
CRES Providers	TE	31-Dec	2011	125198	136747	346429	608415
Total Sales	TE	31-Dec	2011	199975	160774	459761	824823
EDU Share	TE	31-Dec	2011	37.39%	14.94%	24.65%	28.24%
Electric Choice Sales Switch Rates	TE	31-Dec	2011	62.61%	85.06%	75.35%	73.76%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Sales" include "Other Sales" (e.g. street lighting).

*****Preliminary Data

Table 5 In-State All Renewables Recs Prices Paid by FirstEnergy Ohio Utilities*

2009 Vintage	Purchase Date	Quantity	Price/REC	Total	Total Dollars for Disallowance	Months	Total Interest**	Total with Interest	Disallowance Remitted To Advance Energy Fund***	Disallowance Credited To Consumers
2009 Vintage	August 2009	20,000	\$700.00	\$14,000,000	\$14,000,000	31	\$3,415,020	\$17,415,020	\$900,000	\$16,515,020
	October 2009	960	\$45.00	\$43,200		29				
		37,005	\$700.00	\$25,903,500	\$25,903,500	29	\$5,868,059	\$31,771,559	\$1,665,225	\$30,106,334
	February 2010	13	\$360.00	\$4,680	\$4,680	25	\$901	\$5,581	\$585	\$4,996
	Subtotal	57,978		\$39,951,380	\$39,908,180		\$9,283,980	\$49,192,160	\$2,565,810	\$46,626,350
2010 Vintage	August 2009	10,000	\$300.00	\$3,000,000	\$3,000,000	31	\$731,790	\$3,731,790	\$450,000	\$3,281,790
		10,000	\$500.00	\$5,000,000	\$5,000,000	31	\$1,219,650	\$6,219,650	\$450,000	\$5,769,650
		10,000	\$700.00	\$7,000,000	\$7,000,000	31	\$1,707,510	\$8,707,510	\$450,000	\$8,257,510
		10,000	\$600.00	\$6,000,000	\$6,000,000	31	\$1,463,580	\$7,463,580	\$450,000	\$7,013,580
		10,000	\$400.00	\$4,000,000	\$4,000,000	31	\$975,720	\$4,975,720	\$450,000	\$4,525,720
	October 2009	30,400	\$600.00	\$18,240,000	\$18,240,000	29	\$4,132,005	\$22,372,005	\$1,368,000	\$21,004,005
		1,400	\$45.00	\$63,000						
	August 2010	29,676	\$500.00	\$14,838,000	\$14,838,000	19	\$2,123,963	\$16,961,963	\$1,335,420	\$15,626,543
	April 2011	1	\$45.00	\$45						
	Subtotal	111,477		\$58,141,045	\$58,078,000		\$12,354,219	\$70,432,219	\$4,953,420	\$65,478,799
2011 Vintage	October 2009	1,084	\$45.00	\$48,780						
		25,000	\$500.00	\$12,500,000	\$12,500,000	29	\$2,831,692	\$15,331,692	\$1,148,250	\$14,183,442
	August 2010	145,269	\$325.00	\$47,212,425	\$47,212,425	19	\$6,758,151	\$53,970,576	\$6,672,205	\$47,298,370
		5,000	\$26.50	\$132,500						
	November 2011	5,000								
2011 Vintage		15,000								
	Subtotal	196,353			\$59,712,425		\$9,589,843	\$69,302,268	\$7,820,455	\$61,481,813
Total		365,808			\$157,698,605		\$31,228,042	\$188,926,647	\$15,339,685	\$173,586,962
									Total Disallowance with Interest	\$188,926,647

*Table Reproduced from unredacted Exeter Report, page 28.

**Based on a 0.007066 Monthly Rate times number of months from purchase till 3/1/13.

***Case No. 10-469-EL-ACP April 28, 2010 Finding & Order Non-Solar ACP RECs X \$45.00/
for 2010: MWh

Case No. 11-2399-EL-ACP April 19, 2011 Finding & Order Non-Solar ACP RECs X \$45.93/
for 2011: MWh

Exeter Associates Set 5

Case No. 11-5201-EL-RDR
In The Matter Of The Review Of The Alternative
Energy Rider Contained in the Tariffs Of Ohio
Edison Company, The Cleveland Electric
Illuminating Company, and The Toledo Edison Company

RESPONSES TO REQUEST

**EA Set 5 -
INT-3**

Please provide language from any Commission orders, Ohio regulations, or Ohio legislation that supports FirstEnergy's view that were the FirstEnergy utilities to pay the Alternative Compliance Payment for RECs in lieu of purchasing RECs for AER compliance, the FirstEnergy utilities would still be required to purchase RECs for compliance in addition to any Alternative Compliance Payments made by the FirstEnergy utilities.

Response:

The Companies do not believe it is appropriate to render a legal opinion on this matter. From a more general perspective, however, there is no language in the statute to suggest that a compliance payment is in lieu of meeting the renewable energy resource requirements.


[My Account](#)

Solar Weighted Average Price

 State From To


Solar Weighted Average Price

Report includes all data up to 01/25/2013 00:25

Month <input type="text"/>	Year <input type="text"/>	State <input type="text"/>	Active KW DC <input type="text"/>	Issued In Month <input type="text"/>	Traded In Month <input type="text"/>	Retired In Month <input type="text"/>	Low (Price per Certificate) <input type="text"/>	High (Price per Certificate) <input type="text"/>	Weighted Average Price per Certificate <input type="text"/>
Dec	2011	OH	38,949	2,085	2,956	0	\$200.00	\$450.00	\$298.26
Nov	2011	OH	37,636	2,280	4,536	9	\$200.00	\$450.00	\$309.55
Oct	2011	OH	27,677	2,738	6,361	0	\$200.00	\$450.00	\$313.22
Sep	2011	OH	26,948	4,335	3,565	31	\$200.00	\$450.00	\$257.40
Aug	2011	OH	26,317	4,982	2,944	4	\$200.00	\$430.00	\$267.09
Jul	2011	OH	25,370	3,166	2,404	3	\$100.00	\$385.00	\$252.29
Jun	2011	OH	24,255	2,793	1,911	0	\$210.00	\$430.00	\$276.60
May	2011	OH	23,904	1,999	2,508	0	\$210.00	\$450.00	\$246.18
Apr	2011	OH	21,513	2,076	277	125	\$100.00	\$500.00	\$299.39
Mar	2011	OH	21,039	1,302	2,248	1,965	\$210.00	\$420.00	\$332.18
Feb	2011	OH	20,331	1,088	1,019	4	\$210.00	\$400.00	\$276.71
Jan	2011	OH	19,998	1,152	2,708	0	\$210.00	\$417.00	\$304.97
Dec	2010	OH	19,257	1,537	2,110	0	\$225.17	\$417.00	\$261.09
Nov	2010	OH	18,373	2,380	1,651	0	\$225.17	\$417.00	\$234.44
Oct	2010	OH	15,907	2,028	2,066	0	\$225.17	\$450.00	\$239.42
Sep	2010	OH	15,508	2,359	1,101	0	\$215.56	\$383.00	\$222.82
Aug	2010	OH	15,417	2,054	1,902	0	\$202.65	\$395.00	\$221.06
Jul	2010	OH	15,276	2,246	1,529	0	\$202.65	\$390.00	\$206.12
Jun	2010	OH	15,223	1,821	379	0	\$202.65	\$450.00	\$223.39
May	2010	OH	13,977	660	14	0	\$335.00	\$350.00	\$341.43
Apr	2010	OH	13,831	98	33	243	\$325.00	\$500.00	\$471.21
Mar	2010	OH	13,685	156	21	18	\$360.00	\$450.00	\$415.48
Feb	2010	OH	586	96	52	0	\$350.00	\$450.00	\$399.04
Jan	2010	OH	472	72	124	0	\$450.00	\$450.00	\$450.00
Dec	2009	OH	458	291	3	0	\$355.00	\$355.00	\$355.00
Nov	2009	OH	274	4	5	0	\$355.00	\$355.00	\$355.00
Oct	2009	OH	86	11	41	0	\$355.00	\$355.00	\$355.00
Sep	2009	OH	60	55	0	0	\$0.00	\$0.00	\$0.00
Aug	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Jul	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Jun	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00

May	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Apr	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Mar	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Feb	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Jan	2009	OH	0	0	0	0	\$0.00	\$0.00	\$0.00
Total				45,844	44,488	2,402			

1 - 36:36

Information on this report is based on the state in which the solar system is located, and the month and year in which the solar REC was issued, traded, or retired, irrespective of the reporting year in which the generation occurred. For information on a reporting year basis, see Public Reports on RPS-Eligible and RPS-Retired Certificates.

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Ohio In-State All Renewable RECs		Attachment WG-xx	
As Of	Product	Term	Price
1/6/2011	OH Located REC	2010	37.00
1/14/2011	OH Located REC	2011	37.00
1/21/2011	OH Located REC	2011	34.75
1/28/2011	OH Located REC	2011	34.75
2/4/2011	OH Located REC	2011	34.75
2/11/2011	OH Located REC	2011	34.00
2/18/2011	OH Located REC	2011	33.75
2/25/2011	OH Located REC	2011	33.75
3/4/2011	OH Located REC	2011	30.00
3/11/2011	OH Located REC	2011	30.00
3/18/2011	OH Located REC	2011	30.00
3/25/2011	OH Located REC	2011	30.00
4/1/2011	OH Located REC	2011	30.00
4/8/2011	OH Located REC	2011	30.00
4/15/2011	OH Located REC	2011	30.00
4/21/2011	OH Located REC	2011	28.75
4/29/2011	OH Located REC	2011	24.38
5/6/2011	OH Located REC	2011	24.38
5/13/2011	OH Located REC	2011	25.00
5/20/2011	OH Located REC	2011	25.00
5/27/2011	OH Located REC	2011	25.00
6/3/2011	OH Located REC	2011	25.00
6/10/2011	OH Located REC	2011	24.38
6/17/2011	OH Located REC	2011	18.75
6/24/2011	OH Located REC	2011	18.75
7/1/2011	OH Located REC	2011	18.75
7/8/2011	OH Located REC	2011	18.75
7/15/2011	OH Located REC	2011	18.75
7/22/2011	OH Located REC	2011	18.75
7/29/2011	OH Located REC	2011	18.75
8/5/2011	OH Located REC	2011	16.00
8/12/2011	OH Located REC	2011	16.00
8/19/2011	OH Located REC	2011	16.00
8/26/2011	OH Located REC	2011	17.00
9/2/2011	OH Located REC	2011	16.00
9/9/2011	OH Located REC	2011	16.00
9/16/2011	OH Located REC	2011	16.00
9/23/2011	OH Located REC	2011	16.00
9/30/2011	OH Located REC	2011	12.00
10/7/2011	OH Located REC	2011	13.63
10/14/2011	OH Located REC	2011	13.88
10/21/2011	OH Located REC	2012	15.75
10/28/2011	OH Located REC	2011	13.88
11/4/2011	OH Located REC	2011	13.88
11/11/2011	OH Located REC	2011	13.88
11/25/2011	OH Located REC	2011	13.88

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12/2/2011 OH Located REC	2011	13.88
12/9/2011 OH Located REC	2011	10.38
12/16/2011 OH Located REC	2011	10.38
12/23/2011 OH Located REC	2011	10.38
1/6/2012 OH Located REC	2011	11.75
1/13/2012 OH Located REC	2010	NA
1/13/2012 OH Located REC	2011	6.75
1/20/2012 OH Located REC	2011	6.75
1/27/2012 OH Located REC	2011	7.38
2/3/2012 OH Located REC	2011	7.50
2/10/2012 OH Located REC	2011	7.50
2/17/2012 OH Located REC	2011	6.75
2/24/2012 OH Located REC	2011	6.75
3/2/2012 OH Located REC	2011	6.75

Data is compiled from a range of market indicatives and do not necessarily represent completed trades.

Data for SNL RECs index provided by:

Evolution Markets: <http://new.evomarkets.com/>

Tradition Financial Services: <http://www.tfsbrokers.com/>

Clear Energy Brokerage and Consulting: <http://www.clearenergybrokerage.com/>

Karbene:
<http://www.karb>
[one.com/](http://www.karb)

SREC Trade: <http://www.srectrade.com>

Please contact data providers for more detailed or specific transaction data or REC markets not covered by SNL index.

Source: SNL Energy

SNL RECs Index

Week ending 03/02/12



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SNL Financial

Thursday, September 30, 2010 4:02 PM ET **Exclusive**

Switch to biomass at Burger plant could 'flip' Ohio REC market

By Amanda Luhavalja

Although renewable energy credits in the Ohio market are the most expensive in the United States due to a limited supply of in-state renewable projects and rising demand, the tide could be turning, according to market sources.

In August, FirstEnergy Corp. won renewable energy designation from Ohio for two generating units at its R.E. Burger plant that it plans to convert from coal to biomass. The Public Utilities Commission of Ohio on Aug. 11 certified Burger units 4 and 5 as an eligible Ohio renewable energy resource generating facility. The two 156-MW generating units at Burger, in Shadyside, Ohio, should give FirstEnergy one of the largest biomass power facilities in the nation.

Once the project is completed, the Burger units could be capable of producing up to current capacity levels of 312 MW, the company has previously said.

However, the retrofit to biomass could prove to be a catch-22 since due to its large size, the RECs generated at the Burger plant could oversupply the Ohio market. This, in turn, could send prices tumbling, market sources said.

"Currently, we are seeing decent demand" for RECs in Ohio, Will Liggett, an associate from GT Environmental Finance LLC said in a phone interview Sept. 28, adding that prices for in-state generated RECs are running near \$35/MWh, the highest in the country.

However, the switch to burning biomass at the Burger plant "could completely flip the Ohio market," Liggett added.

While it is unclear exactly how many RECs the Burger biomass plant will generate, Liggett said, once the plant is online, RECs in Ohio could fall into the single digits — to about \$5/MWh by 2014 — particularly in light of an expected growth in the state's wind industry.

Ohio has only about 9.72 MW of existing installed capacity as of July 20, according to the American Wind Energy Association website.

However, plans to build new wind projects are moving ahead in the state. The Lake Erie offshore wind energy project, for example, if completed, will give a significant boost to Ohio's supply of renewable energy. The initial project will be a five-turbine, 20-MW pilot wind farm five to 10 miles offshore of Cleveland.

"I/we are aware of the potential oversupply issue it [Burger] could create under certain circumstances," Justin Barnes, policy analyst at the North Carolina Solar Center said in a Sept. 29 e-mail.

"I've heard some folks (e.g., AWEA) suggest that the entire standard or close to it could be met with Burger RECs and bonus RECs, but I don't know about the assumptions they are making," Barnes said.

Under the state's alternative energy portfolio standard, at least 25% of Ohio's electricity must be generated by alternative energy sources, and at least half of the alternative sources must come from renewables, including solar, wind, biomass and hydropower. Half of the renewable energy facilities must be located in Ohio.

Ohio law also created a provision that allows power plants to earn extra RECs if they convert generation to "principally biomass energy" by June 30, 2013. In order to qualify, the capacity must also be at least 75 MW.

In December 2009, FirstEnergy filed its original application with the Ohio PUC seeking certification as a renewable energy facility. However, the plan drew fire from environmental groups and others, such as AWEA.

Among other things, the groups asserted that the energy generated from Burger will be eligible for a higher REC unit rate — a "super-REC" — making electricity produced at the plant more valuable than all other renewable generation. The electricity produced in one year alone could satisfy a majority of the company's renewable benchmark obligations through 2025 and a significant portion of the renewable energy generated in Ohio.

In its comments, AWEA said this proposed REC calculation could result in the heavily weighted Burger RECs flooding the Ohio renewable energy marketplace and allowing FirstEnergy to satisfy its obligations under Ohio's renewable portfolio standard for the entire duration of the RPS.

"AWEA maintains that the REC market in Ohio would be devastated by the impact of the REC multiplier formula, as the large number of RECs created by the Burger facility would flood the market and depress prices," the group wrote to the PUC.

The formula would take a Burger REC, representing 1 MWh of electricity produced by burning biomass fuel, and multiply it by the RPS compliance penalty of \$45, which is levied for each MWh of electricity that the utility is short of its RPS benchmarks, divided by the current REC market price.

"For example, if the PUCO established the average REC market price at \$22.50, or half of the amount of the \$45 compliance payment, the Burger plant would receive two RECs for every megawatt hour," according to a research note from attorneys at Bricker & Eckler LLC.

"My guess is that those [AWEA] assumptions are pretty far-fetched, involving a combination of low REC prices (which increases the multiplier) and facility availability (capacity factor of close to 100%, use of 80-100% biomass at all times)," Barnes said.

In its August ruling, PUCO said the Burger facility may be eligible for the increased REC value when it is operating with no more than 20% low-sulfur Western coal and fuel oil, co-fired with biomass fuels.

However, recognizing the difficulty in setting the average market value of a REC, the PUCO in August opened a 90-day comment and reply period for interested parties to submit comments regarding the methodology to determine the existing market value of RECs for the increased RECs formula.

"The big question I have is where the facility will get enough biomass to run a 300+ MW power plant using at least 80% biomass for a significant period of time," Barnes said.

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Summary: Testimony 1 - Gonzalez Testimony Unredacted Filed by Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.