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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Adoption of Rules for)
Standard Service Offer, Corporate Separation,)
Reasonable Arrangements, and Transmission)
Riders for Electric Utilities Pursuant to) Case No. 08-777-EL-ORD
Sections 4928.14, 4928.17, and 4905.31,)
Revised Code, as amended by Amended)
Substitute Senate Bill No. 221.)

**COSE's COMMENTS TO PROPOSED RULES FOR STANDARD SERVICE
OFFER, CORPORATE SEPARATION, REASONABLE ARRANGEMENTS,
AND TRANSMISSION RIDERS FOR ELECTRIC UTILITIES, AND
COMMENTS TO PUCO STAFF QUESTIONS.**

The Council of Small Enterprises (COSE) is one of Ohio's largest small business organizations serving as a resource to nearly 17,000 member companies and providing group purchasing programs for small businesses to reduce their direct cost of doing business. One such program is the COSE electric program. COSE started a group electric purchasing/savings program in 1999 when Conjunctive Electric Service became a possibility for aggregating the electric needs of small businesses and has been providing electricity group purchasing ever since. COSE is currently a licensed electric aggregator within the First Energy Territory.

COSE hereby submits the following in response to the above captioned rules:

Chapter 4901:1-38 – Special Arrangements

Section 4901:1-38-05(B) specifically deals with Unique Arrangements and sets forth that mercantiles or groups of mercantiles within Ohio can apply to the PUCO for a reasonable arrangement with an electric utility if they can demonstrate a need for said

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arrangement. The Commission needs to be mindful of the impact of increased rates on small businesses. Over 80% of Ohio's businesses have less than 20 employees. Small businesses are not as resilient as large business when double-digit increases in their utility cost hit their bottom line.

COSE is supportive of Section 4901:1-38-05(B) but feels it should be amended to state in 4901:1-38-05(B)(1) as follows:

“(1) Each customer applying for an arrangement bears the burden of proof as to the reasonableness of the arrangement and shall submit to the Commission and the electric utility verifiable information detailing the rationale for the arrangement. The Commission shall grant special consideration to businesses in Ohio who employ less than 50 employees.”

COSE is of the belief that this additional language supports the General Assembly and the Governor's intent to make Ohio a more business friendly state by allowing for businesses to plan for and receive stable electric rates. In addition, if the burden of proof is to be on the customer, the Commission should work to require a clear framework for what constitutes a reasonable arrangement and ensure that the data that customers will require to make that case will be provided by the utility as necessary for the customer.

RESPONSE TO STAFF QUESTIONS

Should the Commission by rule invite and electric utility to identify in an ESP specific long-term objectives (e.g., objectives related to the implementation of state policies or meeting standards contained in S.B. 221), together with milestones and metrics for measuring progress? If so, are there specific topics which should be addressed?

COSE believes that milestones and metrics are necessary for ensuring progress is made and commitments in moving to a competitive market are kept.

In terms of specific topics for goals and objectives, we believe that the following types of issues should be addressed:

With respect to an energy efficiency schedule based on a reduction in electricity consumption (Proposed O.A.C. Section 4901:1-38-04(B)), how should the rules define the baseline level of customer energy consumption from which a reduction would be measured?

COSE believes that there are others better suited to respond in the defining of the “baseline level of customer energy consumption;” however, it is important that a floor is not set that would preclude participation and benefit for small customers of the utility. Energy efficiency initiatives must be accessible and available to the smallest utility customers. The rules should include practical processes and procedures for calculating and reporting data at this low level of consumption.

Should the Commission or the utilities determine that it is too difficult to track or report this process for this small user, COSE recommends the development of an energy efficiency aggregation process. This aggregation process should include organizations such as COSE who are licensed aggregators and who intend to develop energy efficiency programs for collections of smaller businesses. These organizations would serve as the clearing house for these proposals to process and file them with the Commission. We believe that by aggregating the needs of these customers, small customers will be able to enjoy the benefits of efficiency programs and initiatives.

Should special arrangements provided for in Chapter 4901:1-38 be applicable only to customers of an electric utility providing service pursuant to an electric security plan?

No, special arrangements, as outlined in the draft section of 4901:1-38, are utilized for the purposes of facilitating the state’s effectiveness in the global economy thus promoting job growth and retention. In order to ensure job growth and retention, the

state must have stable rates that business can count on and account for. The ability for a business that may create economic opportunity for our state at a tangible level to apply for and have the Commission consider a special arrangement truly makes Ohio a more attractive business friendly state. While there may be no guarantee of a company receiving approval, all of the opportunities should be evaluated against clear criteria for creating value for the state. This process should be available to a business dealing with a utility that is operating under an ESP or a MRO.

A key factor within Chapter 4901:1-38 for small business members is set forth in Section 4901:1-38-05(B) which states in part, "a group of mercantile customers....may apply to the commission for a reasonable arrangement with the electric utility." It is important to small business in Ohio to have the ability to apply as a group to the Commission for special arrangements. This will assist in making the processing and implementation of these programs as efficient as possible.

COSE further would advocate for a unique application process that would be beneficial to small business with the State. The Governor in his Executive Order has set forth criteria by which each agency shall conform to assisting small businesses. Thus the PUCO should develop a unique application process that is user friendly to businesses and groups of businesses in this state. This business friendly application should clearly identify the parameters of the data provided, and the standard which has to be achieved for a small business user. This would then be utilized by the Commission in determining the validation of the opportunity to receive the reasonable arrangement.

Further, if the Commission determines that it is too difficult to put special arrangements together for small businesses, it should allow these businesses to utilize an electric aggregator.

Should there be a cap on the level of incentives for special arrangements authorized pursuant to Chapter 4901:1-38?

COSE believes that the incentives as authorized pursuant to Chapter 4901:1-38 should be tied to the user class. Industrial users have their own rate class, and, as part of their rate class, the incentives provided should be compensated for by other customers in *those same* rate classes. Therefore the commercial or residential classes should not bear the burden of compensating for the incentives provided to the industrial class and vice versa.

Regarding the length of these incentives, COSE believes that there should be increased reporting requirements based on the duration of the incentive program. For example, if an incentive period covers a ten year span, then the user bears more responsibility for the reporting of the value received pursuant to that incentive. The user should demonstrate that there is merit to this incentive and that it is benefiting the entire class that is paying for it.

Respectfully submitted,

Handwritten signature of Steve Millard, with the letters "LS" written to the right of the signature.

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