

FILE**Greater Cincinnati Health Council**If it involves health,
we're involved.**FAX**Colleen K. O'Toole, PhD
President

August 6, 2008

Ms. Renee J. Jenkins
Docketing Department
Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, Ohio 43215RECEIVED-DOCKETING DIV
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PUCO

Re: Case No. 08-777-EL-ORD: In the Matter of the Commission's Review of Chapters 4901.1; 4928.141; 4928.142; 4928.143, as amended by Amended Substitute Senate Bill No. 221.

Dear Renee:

Per attached fax copy (sent 8/6/08; original copy to follow), please find our comments, Case No. 08-777-EL-ORD: In the Matter of the Commission's Review of Chapters 4901.1; 4928.141; 4928.142; 4928.143, as amended by Amended Substitute Senate Bill No. 221.

Please file these comments as appropriate, and express our appreciation to your docketing department for their assistance.

Sincerely,

*Amy Ewing*Amy Ewing
Vice President, Shared Services
Greater Cincinnati Health Council

c: Colleen O'Toole/Greater Cincinnati Health Council; Richard Wiese/Greater Cincinnati Health Council energy consultant; Rick Sites/Ohio Hospital Association; Richard Hertlein/Bethesda North; Thomas Kinman/Cincinnati Children's Hospital Medical Center



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**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Adoption of Rules for Standard : Case No. 08-777-EL-ORD
Service Offer, Corporate Separation, Reasonable :
Arrangements, and Transmission Riders for Electric :
Utilities, Electric Security Program, Pursuant to :
Sections 4901.1; 4928.141; 4928.142; 4928.143 :
Revised Code, as amended by Amended Substitute :
Senate Bill No. 221.

**RESPONSE COMMENTS OF
THE GREATER CINCINNATI HEALTH COUNCIL**

The following comments are intended to elaborate pertinent expected or potential hospital impact. These response comments should not be construed as being inconsistent with participation by the Ohio Hospital Association.

4928.143

Appendix B Requirements for Electric Security Plans

Nothing in Appendix B requires a quantitative assessment of all components of the utilities existing distribution system and equipment—whether by age, condition, failure rate and history, customer priority, etc.

We believe the conditions and priorities of the existing distribution system must be quantitatively cataloged with their condition, priority and schedule for repair or replacement as a core part of any 'modernization plan'. This 'modernization plan' must be clearly linked to the approval of the ESP and must be subject to regular progress reviews at the commission in public hearing with the right of information and comment by the effected customers.

Rational:

To do less than this fails to identify the true needs of the customers, fails to create any accountability for system condition as called for in the Governor's energy plan which emphasized that accountability for service interruptions and power quality was a key

requirement. That pronouncement called for the electric utilities to "clearly define measure and report" on their critical public service.

Impact on Hospitals

We believe the issue of reliability and impact of interruptions on hospitals is a major one and must be clearly addressed. Utility data show a continuing decline in service reliability. At any moment in time literally hundreds of lives are dependent on a reliable uninterrupted electrical power supply to the hospitals of the State of Ohio.

4928.143 (E)

Under the section (E) in Appendix B the proposed test regarding "return on equity" is too broad. It requires comparison to "publicly traded companies facing comparable business and financial risks", which is likely to result in approval of excessive rates of return. We propose that the comparable class be "those electric power businesses in a cost justified, non-competitive electric power supply business and with comparable infrastructures, distribution and service areas." We also recommend that the rate of return not be permitted to exceed 10% per annum.

Rational:

To allow a virtually unlimited return on equity would seem to defeat the objective of providing a competitive business environment for the State of Ohio.

4901:1-38 Special Arrangements

4901:1-38-03 does not define "non-retail purposes" and thereby creates significant ambiguity and uncertainty.

4901:1-38-04 appears to unnecessarily limit energy efficiency production facilities to those with loads under 1000Kw.

Rational: We see no reason to limit the applicability to any 'Energy Efficiency production facility'.

4901:1-38-05 governs "unique arrangements" which have particular potential importance to hospitals. A multi-dimensional unique arrangement can be readily imagined that would combine economic development, energy efficiency, adequacy of electric supply, and other elements.

For example, all hospitals are required to have emergency generators and other resources necessary for them to operate 96 hours without power from the local utility. Many hospitals have advanced energy management systems or the resources to operate such technology as would reduce demand during peak days or other times of limited electric utility power supply. All hospitals have the ability with sufficient incentives to

implement other energy efficiency programs and technology such as the ability to install systems such as solar panels and wind turbines. Another consideration is that the typical hospital is nonprofit with energy costs ultimately are passed through to taxpayers and those who pay insurance premiums or, in the case of the uninsured, hospital bills.

4901:1-38-05 (C) should be modified to recognize the wide range of potential unique arrangements:

Recommended:

"Reasonable arrangements may replace, modify, amplify, or add to any and all of the utilities tariffs, policies and procedures, existing or proposed contracts and contract elements including but not limited to issues of consumption, power factor, net metering, co-generation, bill or rate tariffs, energy efficiency, alternative energy sources and economic growth."

Rational: We see no reason to limit the scope of such arrangements.

4901:1-38-06

(A) Propose to add section 1.:

1. The customer shall have the option of forgoing such report and relying on reports prepared by the utility and following a format approved by the PUCO staff and presenting data reviewed and approved by the customer.

2. Notwithstanding (1) the customer will not forfeit any or all rights to contest, propose changes or adjudicate at any level any portion of any such special arrangement including but not limited to such reporting.

3. Notwithstanding (1) no portion of such special arrangement shall be construed to be 'a requirement for eligibility' for such special contract except as provided in the explicit and PUCO approved terms of such contract.

Rational: There does not seem to be a provision or intent of SB 221 which requires such 'Compliance of Eligibility'. Further typically the utilities possess all of the relevant data, have most, if not all of the technical capabilities to analyze and produce such reports.

(B) Propose to eliminate this paragraph. Replace with: Performance upon any agreed 'schedule' shall be measured and reported in a manner specified and mutually agreed in such special arrangement and approved by the PUCO. No such measure of performance shall serve to restrict or restrain any such agreement except as provided in the approved contract.

Rational: No provision of SB 221 or its intent seems to imply a required burden of proof upon any such customer beyond those provided as a part of the agreed and PUCO approved contract.

4901:1-38-09 Failure to Comply

(A) We propose to eliminate this provision.

Proposed new paragraph:

Should such customer with service pursuant to such unique arrangement be judged by the utility as failing to comply with the terms of such agreement that the utility must make such claim in a filing to the PUCO. The PUCO will manage a due process with all rights of proof, response, etc for both the customer and the utility. The PUCO will schedule hearings as necessary to examine submitted arguments and discussion. PUCO will issue a binding decision based on that process.

Rational: The rules need to provide a fair and balanced process for resolution of conflicts in public between the utility and the customer. To put the customer at the mercy of the utility without recourse fails to place the customers on an equal footing with the utility. To not provide a public process fails to maintain the transparency emphasized in SB 221.

Response to Commission Questions: Entry. Section (7).

a. **Competitive Bidding Process and alternative products and approaches:** Rules on competitive bidding should require a fully transparent process, excluding only such proprietary information as determined by commission staff. There must be full confidence in the competitive bidding process and transparency will promote integrity and credibility.

b. **Value of Lost Load:** The commission must define the meaning of "lost load" before this question can be answered.

c. **Identification of ESP specific long-term objectives:** It is important for electric utilities to begin to address such objectives as soon as is reasonably and prudently possible.

These objectives should be considered:

- Require several standard measures of reliability and a quantification of 'age of service' facilities.
- Scheduled replacement and funding for end of life facilities.
- Achievement of the alternative energy goals.

d. **Defining baseline level to measure energy efficiency:** Possible ways to measure baseline include consumption per period per residential customer;

- 1 option for a given customer group or customer to file a request for unique identity and self measure with reward for defined good performance;
- 2 category by customer class; for the utility to publicly report each customer class annually (degree day rational) and
- 3 whatever measure proposed by the utility and approved by the PUCO; and summary of reductions by technology.

e. The answer is NO.

Special contracts limited to electric security plans: Special contracts should not be limited to ESP. Special arrangements offer potential economies on several levels other than distribution and should be available to all customers. If not so provided, customers of a utility on an ESP would be penalized if and when that utility goes to and MRO.

f. The answer is NO.

Cap on level of incentives for special arrangements: There should not be a cap on the level of incentives for special arrangements, which is consistent with past commission practices. Any limits should be market and economically driven. These may be relatable to customer investment, efficiency measures, etc. that are still valid irrespective of the source of the electrical power.