



Office of the
Executive Vice President
Vincent J. Squillace, CAE

June 1, 2009

Chairman Alan R. Schriber
Commissioner Ronda Hartman Fergus
Commissioner Valerie A. Lemmie
Commissioner Paul A. Centolella
Commissioner Cheryl Roberto
Public Utilities Commission of Ohio
c/o Docketing Division
180 East Broad Street
Columbus, OH 43215-3793

PUCO

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RECEIVED-DOCKETING DIV

Re: Electric Line Extension Rules in Case No. 06-653-EL-ORD

Dear Chairman Schriber and Commissioners:

On May 6, 2009, the Public Utilities Commission of Ohio ("Commission") adopted rules that govern the cost and processes for new electric line extensions in Case No. 06-653-EL-ORD. Ohio Home Builders Association ("OHBA") commends the Commission and its Staff on work undertaken and the improvements made to electric to the rules regarding line extension policies. In particular, OHBA appreciates the creation of a uniform statewide policy and the \$5000 exemption from non-premium line extension costs. However, OHBA wishes to express its concern and disappointment with the Commission's decision to maintain the requirement that, prior to receiving service, builders and developers must pay the cost of underground facilities to the extent that such cost exceeds the cost of construction of overhead or "standard" facilities. OHBA believes the Commission's decision is unsupported and contrary to the State policy set forth in Section 4928.02, Revised Code.

Section 4928.02, Revised Code, specifically mandates that the Commission consider development in Ohio when developing rules as they apply to the costs of electric distribution infrastructure, including, but not limited to, line extensions. OHBA presented evidence to the Commission that underground services are required for most new residential developments throughout the State of Ohio and, thus, are standard building practice – not premium service. Of the electric utilities that weighed in on the issue, AEP noted that it is only the incremental costs above overhead lines that builders and developers have to pay upfront. It is worth noting that based on the municipal

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requirements, there is always an upfront cost, which, in turn increases the price of new homes. Every \$1000 added to the cost of a new home eliminates 10,000 potential buyers due to the home no longer being within their range of affordability. On the other hand, \$1000 rolled into base rates spread uniformly to AEP's customers, for example, results in a monthly bill impact of less than .06 mills per customer [$\$1000.00 / 1,461,055$ customers (748,997 CSP + 712,058 Ohio Power) = \$0.000057].

In response to OHBA's request to remove underground facilities from the Commission's definition of "premium services" FirstEnergy responded that "OHBA's 'real-world' example is not representative of the world many customers live in. The City of Dublin is not seeking standard service; the City of Dublin seeks to maintain Dublin's excellent quality of life and superior public services." While it is a shame that FirstEnergy does not seek to maintain an excellent quality of life and superior public services for its customers in northern Ohio, OHBA believes FirstEnergy is simply wrong that nearly all customers do not live in municipalities that require underground services for new developments. For example, even Cleveland, the largest and most urbanized city in FirstEnergy's service territory, requires that "in new subdivisions of ten or more lots, all telephone, electric power and street lighting wires, conduits or cables to serve lots in such subdivision shall be constructed underground upon easements provided for the utilities...."¹ Like the City of Dublin, the City of Cleveland "is dedicated to improving the quality of life for all Clevelanders and creating economic vitality throughout the city and its region..." and pursues "these goals by promoting the highest standards for development and revitalization in all of Cleveland's neighborhoods and employment centers."² Even in the City of Youngstown, which is all too aware that its population is shrinking and does not anticipate new residential development,³ requires that "where

¹ Codified Ordinances of Cleveland, Ohio, Section 521.10 (available at: http://caselaw.lp.findlaw.com/clevelandcodes/cco_part5_521.html).

² See <http://planning.city.cleveland.oh.us/>

³ Youngstown has developed a detailed framework that sets out the specific policies to guide the City in making both big and small decisions in order to achieve the goals of 2010 called The Youngstown 2010 Plan. The Youngstown 2010 Plan recognizes that Youngstown must accept that it is a smaller city:

The dramatic collapse of the steel industry led to the loss of tens of thousands of jobs and a precipitous decline in population. Having lost more than half its population and almost its entire industrial base in the last 30 years, the city is now left with an oversized urban structure. (It has been described as a size 40 man wearing a size 60 suit.) There are too many abandoned properties and too many underutilized sites. Many difficult choices will have to be made as Youngstown recreates itself as a sustainable mid-sized city. A strategic program is required to rationalize and consolidate the urban infrastructure in a socially responsible and financially sustainable manner.

See: http://www.youngstown2010.com/vision_files/vision.htm.

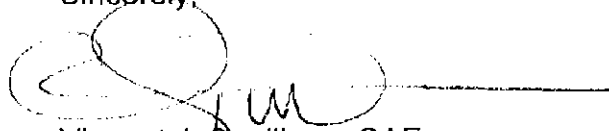
possible, underground placement of utility and communication lines is encouraged to reduce visual clutter."⁴ The Commission should not have been persuaded that its line extension rules should not facilitate the same goals for all Ohioans.

Through the rulemaking process Commission had the opportunity to facilitate new development and make new housing in Ohio more affordable in Ohio without a significant impact on Ohio's electric ratepayers and electric utilities. Instead, the Commission ignored the direction of the General Assembly and upheld the outdated notion that underground lines are "premium service" as opposed to a standard requirement for new construction throughout Ohio regardless of the housing stock.

As the legislative review process by the Joint Committee on Agency Rule Review is not yet complete, the Commission has not missed the opportunity to improve its rules in accordance with the State policy. Accordingly, OHBA requests that the Commission reconsider its line extension rules and remove underground facilities from its definition of premium services prior to finalization.

If there is anything further that OHBA can do to assist you in your investigation of this matter, please do not hesitate to contact me.

Sincerely,



Vincent J. Squillace, CAE
Executive Vice President

⁴ Codified Ordinances of Youngstown, Ohio, Section 1102.03(g)(5) (available at: <http://www.conwaygreene.com/Youngstown/lpext.dll?f=templates&fn=main-h.htm&2.0>).