BEFORE
THE PUBLIC UTILITY COMMISSION OF OHIO

In the Matter of the Review of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2013through 2015.	))))))	Case No. 12-2190-EL-POR Case No. 12-2191-EL-POR Case No. 12-2192-EL-POR

THE OBJECTIONS OF
THE OHIO HOSPITAL ASSOCIATION

I. INTRODUCTION

Pursuant to the Attorney Examiner's Entry dated August 16, 2012, and Ohio Admin. Code Section 4901:1-39-07(B), the Ohio Hospital Association ("OHA") submits its objections to the application of Ohio Edison Company ("OE"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("TE" collectively "FirstEnergy") for approval of its energy efficiency and peak demand reduction program portfolio for 2013 through 2015, including its initial benchmark report, filed by FirstEnergy on July 31, 2012 ("Application" and "EE/PDR Plan").

II. BACKGROUND

The OHA, on behalf of its member hospitals, has been and continues to be an active participant in the respective EE/PDR programs of AEP-Ohio, Dayton Power & Light Company ("DP&L") and the FirstEnergy companies. The OHA's efforts in bringing the benefits of EDU EE/PDR programs to its members have been recognized by Midwest Energy Efficiency Alliance when it awarded the OHA the 2012 Inspiring Energy Efficiency Innovation Award. This award was given in response to the OHA's program of educational outreach, energy audits, and benchmarking with ENERGY STAR's Portfolio Manager tool that lowers the informational and transactional barriers that otherwise prevent participation in EDU EE/PDR programs.

The OHA has member facilities ranging from large to small in each EDU's territory. As a result of its participation on behalf of large and small members, the OHA understands the differing efficiency "opportunity" that may be available to a particular type of healthcare facility. The OHA has a practical insight into the effectiveness of the programs that heretofore have been offered by the EDUs, along with the difficulties faced by its member facilities in taking advantage of the programs as offered.

III. OBJECTIONS

The following Objections are based upon this practical experience gained through the OHA's involvement in a variety of programs on behalf of a variety of healthcare facilities. In the main, the OHA's Objections are directed at the weaknesses in FirstEnergy's Program Portfolio as it relates to helping customers understand their opportunities for participating in the program and the economic value of that participation. The best EE/PDR program in existence has little interest or value to a customer that is unaware of how the program is applicable to their particular situation.

As a final introductory note, these objections apply equally to the program portfolios of each of the FirstEnergy EDUs collectively, and will refer to FirstEnergy's "program portfolio" and specific plan components generally, as if it were a single plan.

A. Administrative Process Issues

The OHA objects to FirstEnergy's inadequate treatment of the problems that have been caused by the cumbersome, often slow and ever changing administrative processes imposed by FirstEnergy on program participants. This is a very significant issue. The cost of participation (time and money) is perhaps the most formidable barriers to program participation behind the simple lack of information. The amount of time and effort required to participate are direct drivers of the cost of participation. Over the past several months, FirstEnergy has changed program rules, benefits and administrative requirements. These changes cause delay and require additional effort on the part of program participants. The net effect has been to *reduce* the value of program participation.

The changes that appear to have caused the most significant problems taken two forms: The first is changes to the program forms with little or no advanced notice. The second is that the processing time for applications can be so long that projects are completed while the application is pending. Then the project application must be re-submitted as a Mercantile project (at a 25% discount in the rebate amount), or else the form has changed in the meantime and has to be re-filed on a different form.

For example, St. Vincent Mercy sent in a prescriptive application on May 24, 2012. By the time the project was complete in mid-August, there had been no response on the application from FirstEnergy. The project application had to be resubmitted as a Mercantile on August 24, 2012.

Another example, in April and May, 2011, the Cleveland Clinic submitted several mercantile applications that were not acted on by FirstEnergy until late in 2011. By the time the applications were processed by FirstEnergy, the forms had changed and additional calculators were required where the prior process did not. The addition of further calculators slowed the entire process.

Customers participating in these programs expect the benefits as promised when they make the decision to participate in the first instance. The constant shifting of requirements and expectations only serves to dampen customer acceptance of the entire program and provides a clear dis-incentive to participate in the future. The OHA recommends that FirstEnergy be required to demonstrate how the program portfolio now under consideration will address these administrative problems, minimizing the time and effort, and ultimately, the cost, of customer participation.

B. ENERGY STAR Portfolio Manager Benchmarking

The OHA objects to FirstEnergy's failure to provide for an ENERGY STAR Portfolio Manager benchmarking program within the suite of small and large C&I programs. ENERGY STAR Portfolio Manager benchmarking is a very simple and efficient means of alerting consumers to the fact that their energy consumption may be out of line with other consumers of like size and operation. In other words, it is an effective tool for informing customers that they may not be consuming energy wisely and should therefore seek out the benefits of the EE/PDR program offered by FirstEnergy. The ENERGY STAR Portfolio Manager tool has been utilized in EE/PDR programs in EE/PDR programs in Ohio and throughout the country.

The OHA recommends that FirstEnergy include funding for an ENERGY STAR Portfolio Manager benchmarking program that includes collaboration with natural gas utilities serving FirstEnergy customers, and educational programming by customer segment to allow for analysis and sharing of energy management best practices.

C. Audits

While FirstEnergy has included an audit program in each of the suites of programs for residential, small C&I and large C&I, the OHA believes that the audit program as currently constituted by FirstEnergy is woefully inadequate. FirstEnergy has had this program available since May 1, 2012, and as discussed in the technical conference on September 6, 2012, the program has not yielded any applications to date. This is strong evidence that the current audit program is inadequate.

OHA recommends that FirstEnergy increase the funding for audits to 50 percent of the cost of the study, with different caps set by customer segment, and provide for customer-specific flexibility as to the type of audit—either ASHRAE Level I or ASHRAE Level II, depending on the particular circumstances of the customers.

The OHA supports an audit program structure that requires the customer to have a substantial economic incentive to follow-through on the audit results. OHA members do not want program costs to include audits that "collect dust on the shelf." However, as $4,000 is an inadequate amount to properly incent the conduct of an audit of any kind, the OHA would recommend an arrangement whereby the out-of-pocket costs of an audit be paid by the customer, with a reimbursement coming from a portion of the savings generated from the implementation of audit recommendations. There are a number of variations on this arrangement that may be possible, but they have the common benefit of reducing the reluctance on the part of customers to undertake the considerable initial expenditure of time and money necessary for quality audits.

D. C&I Incentives Are Too Low

FirstEnergy has provided the TRC for each of its portfolio programs. While most of the programs, are, as expected, clustered somewhere between just below 1 to as high as just over 4, the Large C&I Demand Reduction Program TRC ranges from 355 for TE to 821 for OE and the Mercantile Customer Program ranges from 16.2 for CEI to 29 for OE. These outlier TRC numbers indicate that the incentives provided by FirstEnergy for these programs are inadequate. While it is difficult to perform a clear "apples to apples" comparisons across programs from

EDU to EDU, it does appear that FirstEnergy's expenditures on its lighting program, for example, does not compare favorably to the prescriptive programs of either AEP-Ohio or DP&L.

The under-utilization of proven, cost-effective programs will likely lead to overall higher program costs. The OHA recommends that FirstEnergy re-examine its expenditure allocations in order to improve participation rates in high-TRC programs.

Respectfully submitted on behalf of
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Objections was served upon the parties of record listed below this 17th day of September 2012 *via* electronic mail.

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