

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of a Mercantile Application)	
Pilot Program Regarding Special)	
Arrangements with Electric Utilities and)	Case No. 10-0834-EL-POR
Peak Demand Reduction Riders.)	

**THE OHIO HOSPITAL ASSOCIATION’S COMMENTS
REGARDING REVIEW AND RECOMMENDATION
OF THE PUCO STAFF**

On September 5, 2012, the Public Utilities Commission of Ohio (“Commission” or “PUCO”) issued its Finding and Order that, among other things, extended its 18-month Pilot Program concerning the appropriate implementation of Rule 4901:1-39-05(G), Ohio Admin. Code (“EEC Pilot”). In that Finding and Order, the Commission reconsidered certain prior findings and called for further examination of other prior findings regarding the appropriate treatment of mercantile Energy Efficiency and Peak Demand Reduction (“EE/PDR”) submissions. Specifically, the Finding and Order called for its Staff to file a report of its review and recommendations of the EEC Pilot Program, pursuant to the directions contained in the Finding and Order by January 15, 2013. Subsequent to the Staff’s submission of its Review and Recommendation (“Staff recommendations”), the Commission issued its Entry of March 5, 2013, directing persons desiring to file comments or objections to Staff’s recommendations by March 27, 2013. Pursuant to that Entry, the Ohio Hospital Association (“OHA”) submits the following comments.

The OHA is a private, nonprofit trade association with 167 hospitals and 19 healthcare system members that have more than 700 electricity accounts statewide. Collectively, OHA

members annually spend well in excess of \$150 million for electric services—approximately \$4,500 a year for each staffed hospital bed. OHA’s mission is to be a membership-driven organization that provides proactive leadership to create an environment in which Ohio hospitals are successful in serving their communities.

The OHA, on behalf of its members, actively participates in the EE/PDR programs of the First Energy Companies (where the OHA is an approved Administrator), AEP Ohio and DP&L. This active participation includes assisting members with applications pursuant to Rule 4901:1-39-05(G). To date, the OHA has facilitated the inclusion of well over 100 million kilowatt hours per year towards the portfolio obligations of the aforementioned EDUs. As it relates to the Staff recommendation, the OHA works closely with its members to ease the administrative burden associated with participation in the EE/PDR programs, including mercantile applications. The OHA has gained considerable experience that informs its opinion about the strengths and weaknesses of the EEC Pilot Program. With this in mind, the OHA offers the following specific commentary on the Staff recommendation.

Program Stability

The Staff recommendations conclude that “the Commission extend the pilot program, with Staff’s recommended revisions, until such time as it adopts revised energy efficiency rules.” Staff recommendation, p. 6. The staff goes on to further recommend that the program features be included for permanent adoption in the Commission’s energy efficiency rules, as part of the next appropriate rule review process. *Id.* Essentially, the Staff is recommending that the Commission make permanent the EEC Pilot Program as modified per the Staff recommendation. The temporary nature of the EEC Pilot Program has been a source of concern, as well as an additional source of process complexity for mercantile customers seeking to commit projects. Knowing the “rules of the game” with a reasonable degree of certainty will help mercantile

customers overcome their concerns about committing to the application process in the first instance. There is a significant administrative expense to participation in each program and participants want a reasonable assurance that they will receive the “benefit of their bargain.” Putting aside the question of which modifications to the EEC Pilot Program the Commission accepts, there is a value to achieving reasonable certainty sooner rather than later.

Program Continuation Recommendations

The Staff recommendation proposes to eliminate the filing extension granted by the Commission in its Second Entry on Rehearing for historic mercantile EEC applications. The extension allowed EDUs to file such applications that had been received by December 31 of the third year of the program on March 31 of the following year. The Staff’s reasoning is that this extension did not result in higher quality applications, nor did it eliminate the rush of filings at the end of the year. Staff recommendation at p. 4.

The OHA opposes the elimination of the 3 month extension for historic project applications. While the OHA appreciates the reasons provided by the Staff, the counter-argument is that the additional time has not appeared to create any additional burdens on the EDUs or the Commission Staff, and from the customers’ perspective, the additional time that is provided by this extension for the submission of these applications may mean the difference between obtaining inclusion or not.

Benchmark Comparison Methodology

As explained in the Staff recommendation, under the benchmark comparison methodology approach, the energy savings from a mercantile customer’s project are compared to their specific energy usage baseline to obtain their percentage of energy savings for their facility.

The percentage of the savings determines the length of an exemption as it relates to the UDU's required annual savings. Staff recommendation, p. 3.

As the Commission well knows, this issue has been a major point of contention from the very start of program implementation. The OHA was an early supporter of this methodology for calculating program savings, and it has become clear with the passage of time that this method for calculating the savings value of a project is essential to keeping the overall cost of benchmark compliance at a reasonable level, as well as fairly incenting mercantile customers who dedicate their project savings to the EDUs' portfolio. The OHA strongly urges the Commission to adopt this aspect of the Staff recommendation and to make this method of computing project saving permanent.

Additional Filings for CPP Continuation Related to Behavioral Programs

The OHA supports the further expansion of programs that will recognize savings achieved through behavioral changes impacting energy consumption. The OHA believes that the Staff recommendation's call for annual reporting requirements, along with additional commitment payments to cover expenses, is reasonable in light of the nature of these programs. It may well be that with further experience with these behavioral programs, a reduced filing obligation may become appropriate, but for the moment, the Staff recommendation is reasonable on this point.

CONCLUSION

On behalf of Ohio's hospitals, the OHA respectfully urges the Commission to consider these Comments.

Respectfully submitted on behalf of
OHIO HOSPITAL ASSOCIATION



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Comments of the Ohio Hospital Association was served upon the parties listed below this 27th day of March 2013 *via* electronic mail.



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Summary: Comments of the OHA regarding Staff Review and Recommendation electronically filed by Mr. Thomas J O'Brien on behalf of Ohio Hospital Association