

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review of its Rules )	
for Energy Efficiency Programs Contained in Chapter )	Case No. 13-651-EL-ORD
4901:1-39 of the Ohio Administrative Code )	
In the Matter of the Commission's Review of its Rules )	
for the Alternative Energy Portfolio Standard )	
Contained in Chapter 4901:1-40 of the Ohio )	Case No. 13-652-EL-ORD
Administrative Code. )	
In the Matter of the Amendment of Ohio )	
Administrative Code Chapter 4901:1-40, regarding )	
the Alternative Energy Portfolio Standard, to )	Case No. 12-2156-EL-ORD
Implement Am. Sub. S.B. 315. )	

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**COMMENTS OF  
THE OHIO HOSPITAL ASSOCIATION**

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**I. INTRODUCTION**

Pursuant to the direction of the Public Utilities Commission of Ohio (“PUCO” or “Commission”) Entry issued January 29, 2014, the Ohio Hospital Association (“OHA”) respectfully submits these comments regarding the Commission Staff’s (“Staff”) proposed rule changes to Ohio Administrative Code (“OAC”) Chapters 4901:1-39 (Energy Efficiency Programs)<sup>1</sup>. Pursuant to the Entry, the Ohio Hospital Association (“OHA”) submits the following comments.

The OHA is a private, nonprofit trade association representing 213 hospitals and 22 health systems. Approximately 152 OHA members are served by Ohio’s EDUs. Collectively, OHA members annually spend well in excess of \$150 million for electric services—

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<sup>1</sup> The January 29, 2014, Entry also sets Chapter 4901:1-40 (Alternative Energy Portfolio Standard) for Comment, as well. The OHA has no comment regarding Chapter 4901:1-40.

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.

According to a 2012 report by the American Hospital Association, Ohio hospitals contributed an estimated \$73 billion to Ohio's economy, the sixth largest economic impact of any state in the nation. Ohio hospitals supported nearly 620,000 jobs. Nationally, hospitals employ 5.5 million people and are responsible for two trillion dollars in economic activity.<sup>2</sup> Ohio's hospitals are one of the most significant economic drivers in the state. Despite the current economic climate, the health sector has remained strong. Hospital employment is expected to grow 13.4% and ambulatory health care is expected to grow 26.8% from 2006 – 2016.

As relevant to this rule review proceeding, the OHA has been a key participant in the various plan cases. Since the inception of the EE/PDR programs by AEP Ohio, Dayton Power & Light Company, Duke Energy Ohio and the FirstEnergy companies, OHA member hospitals have reduced overall demand by 4.7 percent and reduced overall consumption by 4.4 percent. The OHA's commitment to energy efficiency is strong. In this spirit, the OHA submits its following comments.

## **II. COMMENTS**

The OHA appreciates the Staff's efforts to update and streamline the rules governing the implementation of Ohio Revised Code Section ("R.C.") 4928.66, and the OHA generally supports this revision of Rule 39. The following Comments offer useful supplementation and suggested clarifications, rather than any wholesale changes to the proposed rules.

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<sup>2</sup> 2013 OHA Community Benefit Report at <http://www.ohanet.org/wp-content/uploads/2014/01/Community-Benefit-Report-2013-Final-website-post.pdf>.

## **A. Definitions**

### **1. Rule 4901:1-39-01(H) Cost Effectiveness**

The OHA supports the Staff's proposed modification to the definition of "Cost effective" at Rule 4901:1-39-01(H), and urges the Commission to adopt this improved definition. As revised, "cost-effective" can be applied using either the TRC or the utility cost test ("UCT"), as applicable. Reference to the use of the UCT has also been included at Rule 4901:1-39-03(A)(2). This added flexibility is a significant improvement because it contemplates the inclusion of programs within the EDUs' portfolio mix that may be appropriately evaluated under the UCT versus the TRC. As utility portfolios mature and become more sophisticated as the annual benchmarks increase, it likely will be necessary to look to more capital or labor intensive programs.

If those costs are borne primarily by customers who nevertheless are willing to commit those projects to an EDU's program, the fact that such customer costs would cause such programs to fail the TRC should not prevent the EDU from including those programs in their portfolios if they remain cost effective under the UCT. The current rule presents a disincentive to EDUs to seek out any program that does not pass the TRC, irrespective of the cost to the utility. This change is reasonable because R.C. 4928.66 is focused on the EDUs' obligation to meet the applicable benchmarks, and it should therefore be the EDUs' costs that are taken into account in meeting those targets.

### **2. Rule 4901:1-39-01(X) Shared savings**

The OHA supports the inclusion of this definition because it appears to appropriately memorialize the "as found" method of calculation program savings for the purposes of mercantile rider exemption or dedication of program savings to EDUs portfolio programs. This

improved clarity will assist mercantile customers with significant efficiency in assessing the costs and benefits of dedicating their savings to the EDU's program portfolio or, alternatively, seeking an exemption from the applicable EE/PDR rider.

### **3. Additional Definition**

Consistent with the comment above regarding Rule 4901:1-39-01(H) and 4901:1-39-03(A)(2), the OHA recommends that the Commission add a definition for "UCT." The following definition was taken from AEP Ohio's current portfolio plan<sup>3</sup>:

4909:1-39-01(VV): "Utility Cost Test" Measures are cost effective from this perspective if the costs avoided by the measures' energy and demand savings are greater than the utility's EE/PDR program costs to promote the measure, including customer incentives.

### **B. Due Process Issues**

The Staff proposed rule eliminates the hearings process from Rule 4901-1-39-04(E), Program portfolio plan and filing requirements, and adds a requirement for hearings to revised Rule 4901:1-39-05, Annual performance verification [at Rule 4901:1-39-05(D)]. Certainly, a thorough review of the actual performance of the approved plans is important to the goal of achieving the benchmarks in an efficient and cost-effective manner and there are lessons to be learned from a post-hoc review. From this perspective, the inclusion of a hearings requirement in Rule 4901:1-39-05 is an improvement over the current rule. However, Rule 4901:1-39-04, which addresses modifications to portfolios prospectively, should also provide an opportunity for the Commission to hear disputes among the stakeholders about those modifications. As proposed by the Staff, the only pleading cycle will be a 30-day initial comment, followed by a 30-day reply by the EDU explaining which comments the EDU has accepted for inclusion into

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<sup>3</sup> AEP Ohio's current portfolio plan cites *Source: California Public Utilities Commission. California Standard Practice Manual Economic Analysis of Demand-Side Programs and Projects, October 2001, <http://drrc.lbl.gov/pubs/CA-SPManual-7-02.pdf>.*

its program portfolio plan. This is inadequate. Annual changes proposed by EDUs could, for a variety of reasons, impact either participating customers, or all consumers generally, and the Commission should provide for the opportunity to subject such changes and modifications to a hearings process. The OHA would not object to the decision to hold any such hearings being left to the discretion of the Commission so as to avoid the situation where a hearing is convened purely for the sake of satisfying the rule.

### **III. CONCLUSION**

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

Respectfully submitted on behalf of  
THE OHIO HOSPITAL ASSOCIATION



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Summary: Comments of The Ohio Hospital Association electronically filed by Teresa Orahood  
on behalf of Thomas O'Brien