THE GROWTH ASSOCIATION
COSE
COUNCIL OF SMALLER ENTERPRISES
CLEVELAND

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VIA FACSIMILE TRANSMISSION

May 9, 1997

Docketing Division
Public Utilities Commission
180 East Broad Street
Columbus, OH 43266

Comments on Conjunctive Electric Service Filings in response to
Case # 96-406-EL-COI

Dear Sirs:

Enclosed for filing is a facsimile of a Motion to File Comments and Comments for filing in the above referenced proceeding.

We are sending you, via overnight mail, an original and twenty-five (25) copies of both the Motion for Extension to File Comments and Comments on the recent CES filings in response to the above mentioned order.

Please date stamp five (5) copies and return them to the following:

Caryn Candisky
Council of Smaller Enterprises
200 Tower City Center
50 Public Square
Cleveland, OH 44113-2291

Respectfully submitted,

Robert Fowler BY: CARYN CANDISKY

Robert Fowler
Executive Director
Council of Smaller Enterprises

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of Conjunctive Electric Service Guidelines Proposed By Participants of the Commission Roundtable on Competition in the Electric Industry.	)))))	**Case No. 96-406- EL- COI**

COMMENTS OF THE GREATER CLEVELAND GROWTH ASSOCIATION

The Greater Cleveland Growth Association is a non-profit association with a mission to serve as a catalyst for economic growth and jobs creation in Northeast Ohio; to attract, nurture and retain businesses of all sizes and industries; and, to serve these businesses' needs through collective efforts. The Council of Smaller Enterprises (COSE) is a division of the Growth Association, and specifically focuses on the interests of small business in Northeast Ohio. As an organization representing 16,500 small, medium and large sized businesses in Northeast Ohio, and an interested party in the progress of the creation of a competitive electric market, we wish to comment on the recent tariff filings regarding conjunctive electric service by the Cleveland Electric Illuminating Company (CEI), The Ohio Edison Company (OEC), and Ohio Power Company (OPC) in this proceeding.

Generally, we are disappointed that the filings submitted by CEI, OEC and OPC are too prohibitive for small and mid sized companies; are contrary to the spirit of the Commission's December 24, 1996 Finding and Order; and do not provide enough of an incentive for businesses to participate in the Conjunctive Electric Service (CES) pilot program. The objectives of promoting efficiency, innovation and cost savings for electric utility customers, as well as developing an effective transition to a more competitive market, are essential aspects of the CES proposal that are currently not fulfilled by the CEI, OEC's and OPC's filings.

These comments cover only a small number of points within the filings that we feel are particularly prohibitive to the development of a CES pilot program.

Availability and Limitation of Service
With regard to availability of service, both CEI and OEC have violated the guidelines put forth by the PUCO to not artificially set limitations on CES for interested customers.

While CEI limits participation in CES to 1% of its total retail kilowatt-hour sales, OEC limits combined participation in CES and its Real Time Pricing Pilot Program to 500 MWs. The Commission specifically states that the impact of CES aggregation requests on any utility is purely speculative at this time and no artificial limitations should be imposed based on the guidelines. Case by case review of requests and empirical evidence of impact were stated as the methods by which limitations would be considered by the Commission.

CEI and OEC set limitations on the number of customers that can be included in an aggregation group. While CEI sets a minimum of ten participating members, OEC sets a maximum of fifteen per group with a maximum of twenty groups allowed. These limitations are again in direct violation of the guidelines.

Although the guidelines specifically require a first come, first served approach, both OEC and OPC have elected to utilize a lottery approach. This approach does not meet the Commission's guidelines.

It is our opinion that capacity and participation limitations on CES unfairly discriminate against the smaller customer. It is our belief that larger industrial aggregation groups would have the ability to quickly consume the available retail power under allocation plans for CES. This disadvantages smaller commercial customer aggregations that may take longer to organize and, in the long run, may better typify the intended target of the types of benefits that CES and competitive power supply will generate.

Administrative Requirements
In general, OPC's, OEC's, and CEI's filings all have built in onerous administrative requirements for forming a CES aggregate group and implementing CES service.

OPC has restricted application acceptance time to certain windows and only via facsimile. The language also seems to create a condition that requires each customer to interact with OPC and apply separately. This approach eliminates the effectiveness of an aggregator as a facilitator and creates a likely frustrating and time consuming process for a potential CES customer.

OEC is requiring extremely detailed billing history information and load profiling at 30 minute increments for a one year period for each customer and the group as a whole. This information is part of the initial request for service. This seems a large hurdle for initial application. In addition, there is no reference to how this information may be accessed through OEC. It seems OEC would already possess this information in the "required format" for action.

OEC's requirement that any CES customer have at least nine months of billing history is unfairly discriminatory against new businesses. Requirement forecasting and load guarantees should be sufficient in cases where the nine month billing history is unavailable.

CEI has offered to provide billing histories at a seemingly excessive cost. CEI also allows itself the ability to limit or restrict service to any requester.

Rates and Fees

Either through requirements for establishing CES or the costs incurred by participating in the program, OPC, OEC, and CEI have each managed to create what we believe to be an economically unfeasible situation for Ohio's power users.

One of the biggest gaps in all of the utilities' approach as to the cost of CES is the lack of a distinction between types of cost incurred and a lack of opportunities for reducing costs by allowing some nonregulated activities to be performed by the aggregator. For example, the elimination of customer invoicing for members of the aggregate group could represent an area of savings for the utility. This savings should be seen in the rates provided to the aggregate group. In general, where a service or function must be performed in order to implement CES, we believe that the party who can perform that service to specifications at the best price should perform the service. Rates and implementation costs should reflect this value oriented approach.

CEI has published rates for CES even though rates per the guideline are to be determined based on specific cost of service for the specific customer aggregate group. The rates themselves do not represent an incentive in light of the other burdens imposed by CEI on CES customers. In addition, a blanket clause for the ability to bill costs of implementation directly to the aggregate group has been added. Per the Commission's guidelines, these costs must be specifically identified and reasonable.

OPC creates a condition that essentially causes the CES group to have to go through the new group start up process all over again if a new member is to join the group. This is particularly prohibitive.

OEC has built in charges and costs that will make CES extremely unattractive for all customers. Our understanding of the "Access Charge" is that it serves as a device for assuring that no savings are realized by participants within the CES group. The program charge allows up to $15 per month to be added to CES participant bills for a variety of administrative cost reasons. No statement of justification for these costs is noted as planned. Finally, OEC details potential "additional charges" that will be incurred at the rate of $50 per hour to cover costs that would be otherwise included in the overhead costs already within its rate structure. OEC makes participation in CES an expensive proposition for its customers.

Metering

OPC requires metering equipment to meet its own standards. The guidelines state that industry standards should suffice unless it can be proven that significant and meaningful differences in standards exist among utilities. Industry standards should be the measure of the appropriateness of the customer metering equipment.

CEI is requiring payment for metering information. This goes against the guideline which establishes the customers' right to own equipment and access the information generated by the meter. Special testing requirements and the conditions of that testing as required by CEI are excessive. Although we agree that the utility should have the right to reasonable access and testing of the equipment, this testing should be at the utility's cost unless the meter is found to be outside of established tolerances. This more effectively protects the customer from unnecessary and costly testing by the utility. The requirement of the utility's seal on all enclosures, meters or devices seems excessive. It should be sufficient to have a certified auditor or a financially secured representative of the aggregator as capable of providing reliable seals for these devices.

OEC goes against the Commission's guidelines by requiring that it be the owner of all metering equipment during the pilot program. The Commission's Order specifically states that customers should have the right to own special metering equipment for CES. As stated, we believe the customer need only ensure the equipment meets industry standards and that the utility has reasonable access to read information and test for accuracy.

We believe that CEI, OEC, and OPC have not sufficiently met the guidelines outlined by the Commission's Order. Under the currently proposed utility filings, CES appears to be neither economically feasible nor directionally correct given its mission as a test of innovation in energy service. CES must be designed in such a way as to provide enough value for large and small customers to encourage their participation in the pilot program. By revising their filings so that the real benefits of aggregation can be recognized in such areas as load diversity and billing economies, real value can be created for both the utility and its customers.

We believe that the Commission should utilize the filings of the utility companies and other interested parties to develop a more detailed and standardized set of guidelines for CES that benefit Ohio customers and sufficiently protect utilities from excessive losses as a result of providing this service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Comments of The Greater Cleveland Growth Association has been served upon the individuals named on the Commission's official service list, via regular U.S. Mail, this 9th day of May 1997.

Robert Fowler By: Caryn Candisky
Robert Fowler