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

COMMENTS OF
THE OHIO HOSPITAL ASSOCIATION

I. INTRODUCTION

Pursuant to the Attorney Examiner's Entry dated September 29, 2014, the Ohio Hospital Association ("OHA") respectfully submits its comments concerning 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 amended energy efficiency and peak demand reduction plans for 2015 through 2016, filed by FirstEnergy on September 24, 2014 ("Amended Plan"). FirstEnergy has requested approval to amend, effective January 1, 2015, its portfolio plans approved in Case Nos. 12-2190-EL-POR, et al., pursuant to Substitute Senate Bill 310 ("S.B. 310").

The OHA urges the Commission to amend and approve the Amended Plan, consistent with its authority under S.B. 310 and the arguments and recommendations provided below.

II. BACKGROUND

The OHA, on behalf of its member hospitals, has been and continues to be an active participant in the respective energy efficiency/peak demand reduction ("EE/PDR") programs of Ohio Power, Dayton Power & Light Company ("DP&L") and the FirstEnergy companies. The

OHA's efforts in bringing the benefits of electric distribution utility ("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. Perhaps most importantly, the OHA uniquely appreciates how the efficient use of energy helps small and rural hospitals conserve financial resources at a time when these institutions are under ever increasing financial duress.[1]

III COMMENTS

A. OHA's Efforts to Date Have Been Enhanced by the EE/PDR Programs of FirstEnergy and Other Electric Distribution Utilities.

OHA has worked with FirstEnergy, Ohio Power, and DP&L in the context of all three EDUs' EE/PDR portfolio plans in order to maximize the opportunities for hospitals to lower their energy usage. OHA's approach to energy efficiency uses a unified cycle of actions, which leads to significantly decreased energy consumption at hospitals. Those actions include education and training, ENERGY STAR Benchmarking, audits, and rebates. As detailed below, each of these EDUs have assisted the OHA through their portfolio plans, sometimes in the form

[1] See, *e.g.,* Baurlein, *Rural Hospitals Feel* Pinch, Online Wall Street Journal, May 11, 2014;

of funding. Notably, FirstEnergy's assistance to hospitals' EE/PDR efforts has tended to lag behind that of Ohio Power and DP&L. The Commission should incent FirstEnergy to improve its performance rather than limit the range of its programs, as proposed in its Amended Application.

1. Education and Training

Ohio Power provided funding for 2012 through 2014 for hospital-specific energy efficiency education and training[2] and DP&L provided funding for 2014 and 2015 for energy efficiency training efforts, among other things.[3] As a result, OHA conducted one-on-one meetings with hospital executives and facilities managers at 68% of hospitals in these utilities' service territories in order to educate them on opportunities for reducing energy usage provided by Ohio Power and DP&L through their portfolio plans. OHA also conducted meetings with individuals at 69% hospitals in FirstEnergy service territory for the purpose of educating them on opportunities for energy reduction provided by the FirstEnergy Companies' plans. In addition, OHA held four formal training sessions at which hospital facilities managers and others received information on the EDUs' portfolio plans and steps that hospitals can take to increase the energy efficiency of their facilities.

2. ENERGY STAR Benchmarking

OHA has successfully completed ENERGY STAR benchmarking for 100 hospitals. This effort has been assisted through funding by FirstEnergy[4] and partnering initiatives with Ohio Power and DP&L.[5] The average ENERGY STAR score for those hospitals completed is 34 out

[2] Case No. 11-5568-EL-POR, Opinion & Order at 14.
[3] Case No. 13-833-EL-POR, Opinion & Order at 6.
[4] Case No. 12-2190-EL-POR, Opinion & Order at 39.
[5] Case No. 11-5568-EL-POR, Opinion & Order at 14; Case No. 13-833-EL-POR, Opinion & Order at 6.

of 100. This indicates opportunities for audits and subsequent actions to raise the efficiency of those hospitals' energy usage.

3. Audits

As a result of funding provided by Ohio Power and DP&L for energy audits,[6] OHA has been able to assist 58% of AEP hospitals and 19% of DP&L hospitals in conducting energy audits. FirstEnergy also provided funding its current portfolio plan for audits[7]. However, that program was slow to get underway and no audits were performed. The importance of audits to hospitals along with education, benchmarking, and rebates can be seen through several example hospitals. A hospital in Ohio Power's service territory worked with OHA to be ENERGY STAR benchmarked, conducted an audit, and was able to take advantage of several Ohio Power rebate opportunities. The energy saving measures installed helped reduce this hospital's annual consumption by 10% and its peak demand by 9.6%. Another hospital in DP&L's service territory also working with OHA was ENERGY STAR benchmarked, conducted an audit, took advantage of DP&L's rebate program, and reduced its energy consumption by 4%.

4. Rebates

OHA has worked closely with Ohio Power, DP&L, and FirstEnergy on their rebate programs to ensure that member hospitals are able to take full advantage of and realize the benefits of rebates. Ohio Power provided funding for OHA to assist hospitals in identifying and implementing energy efficiency projects and applying for financial incentives offered by Ohio Power.[8] DP&L provided funding for 2014 and 2015 for OHA to promote energy efficiency and

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[6] Case No. 11-5568-EL-POR, Opinion & Order at 13; Case No. 13-833-EL-POR, Opinion & Order at 6; and Case No. 12-2190-EL-POR, Opinion & Order at 39-40.

[7] Case No. 12-2190-EL-POR, Opinion & Order at 39-40.

[8] Case No. 11-5568-EL-POR, Opinion & Order at 13.

DP&L's programs, among other things.[9] While FirstEnergy's rebate program is much more difficult for customers to navigate than those of Ohio Power and DP&L, OHA has also worked closely with hospitals in FirstEnergy's service territory so that they can take advantage of programs, including financial incentives in the form of rebates, in order to reduce energy consumption.

The availability of assistance from the EDUs' EE/PDR programs in the form of funding and other initiatives for education, benchmarking, audits, and rebates is essential for hospitals to gain as much benefit as possible from each and every step taken to reduce energy consumption. OHA is committed to continuing its efforts to assist hospitals in their efforts to become more energy efficient, especially given the volatile nature of the energy market of late. The only program FirstEnergy's Amended Plan retains that would be available to hospitals is the Mercantile Customer Program with the option to opt out of the EE/PDR Rider or apply for a "commitment payment." All rebate and audit programs will be suspended. The PUCO should modify FirstEnergy's Amended Plan to improve upon FirstEnergy's performance, not limit, the programs offered to customers.

B. FirstEnergy's Amended Energy Efficiency and Peak Demand Reduction Plan is Based on the Companies' 2014 Long-Term Forecast Report that has Not been Approved by the Public Utilities Commission of Ohio.

FirstEnergy includes several Attachments to its Amended Plan that purport to show the Amended Plan will allow FirstEnergy to meet the statutory requirements of R.C. 4928.66, as amended by S.B. 310. Attachment 1 to the Amended Application contains FirstEnergy's calculations of EE and PDR compliance, estimated for 2014, 2015, and 2016 for each operating company and total FirstEnergy. According to the Attachment, all three operating companies and

[9] Case No. 13-833-EL-POR, Opinion & Order at 6.

FirstEnergy as a whole are estimated to comply with the statutory benchmarks for all three years. However, these calculations are based on the Companies' 2014 Long-Term Forecast Report,[10] which has not been reviewed or approved by the Public Utilities Commission of Ohio ("PUCO").

This renders impossible the PUCO's ability to meaningfully assess the reasonableness of the Amended Plan and evaluate whether it will allow the Companies to comply with its statutory requirements during the period of its application. Until the PUCO has fully vetted the 2014 Long-Term Forecast Report filed by FirstEnergy, it would be relying on FirstEnergy's bare assertions in its attachments to the Amended Plan.

FirstEnergy has created a conundrum for the Commission. It presented the application based upon a series of unsupported assertions that its amended plan will enable it to comply with the benchmarks, as amended by S.B. 310, and it asks the Commission to approve the application solely on the strength of those unsupported assertions. It would be unreasonable for the Commission to approve this totally unsupported amended plan, as filed by FirstEnergy. The Commission would simply be "guessing" as to whether the amended plan will actually produce results sufficient to meet FirstEnergy's benchmark obligations.

On the other hand, the direction provided by S.B. 310 is very clear – the Commission has 60 days to act on the application, and the Commission may only either approve the application, or modify and approve the application by that 60-day deadline. If one of these two actions is not taken by the Commission before January 1, 2015, the application, as filed, will take effect. S.B. 310 is also unequivocal that the application must be treated as if it were a new portfolio plan, in

[10] Case No. 14-625-EL-FOR.

accordance with its rules[11]. The General Assembly would not have given the Commission the authority to *modify* a plan amendment if it did not expect the Commission to use that authority in a manner consistent with the overall intention of the law – FirstEnergy still has an obligation to meet its annual benchmarks, and the Commission is still responsible for ensuring that the plan in place to do so has a realistic chance of compliance.

With the time available to the Commission under the law, it is unlikely that an even cursory review of the data necessary to render a decision based upon the support provided by FirstEnergy for its amended plan could be made. This hole in the record before the Commission is squarely FirstEnergy's burden to overcome, and based on the requests contained in the application, it does not appear that FirstEnergy has any interest in solving the Commission's problem.

The reasonable, lawful option for the Commission is to modify the application, as permitted by Section 6. Because the only evidence available to the Commission upon which to base a reasoned decision is the record as it existed with respect to FirstEnergy's original plan filed in this case, the Commission should modify the amended plan to conform to the plan as previously approved by the Commission—in other words, modify the Amended Plan to completely replicate the plan that is currently in place. This outcome is supported by sound public policy.

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[11] The relevant provision of Section 6 of S.B. 310 is as follows: (B)(1) …. The Commission shall review the application in accordance with its rules as if the application were for a new portfolio plan. The Commission shall review and approve, or modify and approve, the application not later than sixty days after the date that the application is filed. Any portfolio plan amended under this division shall take effect on January 1, 2015, and expire on December 31, 2016. If the Commission fails to review and approve, or modify and approve, the application on or before January 1, 2015, the plan shall be deemed approved as amended in the application and shall take effect on January 1, 2015, and expire on December 31, 2016.

C. FirstEnergy's Amended Energy Efficiency and Peak Demand Reduction Plan Should be Modified and Approved by the Commission Consistent With the Existing Record in This Case.

FirstEnergy's Amended Plan, under the provisions of Section 6 of S.B. 310, will be in effect from January 1, 2015 through December 31, 2016. FirstEnergy's Amended Plan, as filed, would retain only seven of the programs included in FirstEnergy's current EE/PDR portfolio plan. Based on 2013 spending program spending levels,[12] the costs of those seven programs would be approximately $9 million compared to the cost of all the 2013 programs in the current plan of $50 million. According to FirstEnergy, the energy savings for the seven programs would be 154,683 MWh compared with 675,639 MWh under the current 2013 program. May 30, 2014 Letter from Ms. Dunn, Case No. 14-859-EL-EEC, et seq., page 5.

1. Benefits from Continued Savings

Since the inception of its EE/PDR portfolio plans through the end of 2013, FirstEnergy claim accumulative cost-effective energy savings of 2,491,804 MWh and demand savings of 1,036.25 MW.[13] Of that total, the OHA has brought in more than 28,000 MWh of energy savings with an estimated total installed five-year life cycle cost, conservatively estimated at approximately $16.67 to $30.82 per MWh.

In addition, there is much room for further energy savings to be had, based on FirstEnergy's own testimony in support of Senate Bill 58.[14] FirstEnergy itself claimed that only two percent of its business customers have taken advantage of its programs. FirstEnergy considered that statistic "staggering," which indeed it is, not because it shows how little is being

[12] *Id.*

[13] Case No. 14-859-EL-EEC; FirstEnergy Letter of Notification dated May 30, 2014.

[14] Senate Public Utilities Committee, Revisiting Ohio's Energy Efficiency Mandates, Submitted by: Leila L. Vespoli Executive Vice President and General Counsel FirstEnergy, April 9, 2013.

done but because it illustrates the massive opportunities still available for its programs to reach customers.

Given that the current programs are cost effective and generate more benefits in reduced energy savings than they cost, and there are still plenty of savings to be had by customers that have not yet participated, there is no reasonable basis for suspending any of FirstEnergy's current portfolio plan programs. At the very least, all current programs that have been deemed cost effective under the TRC or the Utility Cost Test ("UCT") should be continued by FirstEnergy because the savings outweigh the costs.

2. FirstEnergy Program Successes

FirstEnergy's own Energy Efficiency and Peak Demand Reduction Program Portfolio Status Reports filed with the PUCO indicate its programs have provided "significant savings." In its 2010 status report, FirstEnergy stated:

> The Companies' 2009 Programs achieved significant EE savings and PDR results and capabilities…The Companies look forward to the approval of the pending 2009 applications involving both the mercantile self-direct projects and the Companies' 2009 T&D projects, as well as the programs included in the Companies' EE&PDR Plans, all of which will provide benefit to the Companies and their customers in the years to come.[15]

In its 2011 status report it stated:

> The Companies have been able to achieve significant energy savings and peak demand reduction capabilities that warrant continuation of the 2010 Programs.[16]

In subsequent status reports, FirstEnergy includes cost effectiveness data (TRC or UCT) on each program for each operating company and for each operating company's programs as a

[15] Case No. 10-227-EL-EEC at 8-9.
[16] Case No. 11-2956-EL-EEC at 7.

whole. In each report, FirstEnergy shows that the programs as a whole pass the cost effectiveness tests.[17]

FirstEnergy's own filings demonstrate the cost effectiveness of its programs. Even customers who do not participate in any program but pay the EE/PDR costs through the riders benefit due to the suppression of capacity prices in the PJM marketplace. EE/PDR is a cheaper source of energy and demand than many other sources, such as coal-fired power plants. For all of these reasons, the PUCO should modify FirstEnergy's Amended Plan such that it includes all current programs, at least those that pass the cost tests.

Respectfully submitted on behalf of
THE OHIO HOSPITAL ASSOCIATION

Richard L. Sites
General Counsel & Senior Director of Health Policy
OHIO HOSPITAL ASSOCIATION
155 East Broad Street, 3rd Floor
Columbus, OH 43215-3620
Telephone: (614) 221-7614
Facsimile: (614) 221-4771
Email: ricks@ohanet.org

Kathy Hagans
Senior Analyst
Energent Solutions
4449 Easton Way, Suite 200
Columbus, OH 43219
Telephone: (614) 360.2244
Facsimile: (614) 360.0650
Email: khagans@energentsoluions.com

Thomas J. O'Brien
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
Telephone: (614) 227-2335
Facsimile: (614) 227-2390
E-mail: tobrien@bricker.com

[17] Case Nos. 12-1533-EL-EEC, Table 3-1, at 7; 13-1185-EL-EEC Table 3-1, at 8; and 14-859-EL-EEC Table 3-1, at 7.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Objections was served upon the parties of record listed below this 20th day of October 2014 *via* electronic mail.

Thomas J. O'Brien

Carrie M. Dunn
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
cdunn@firstenergycorp.com

Todd M. Williams
Williams Allwein and Moser, LLC
Two Maritime Plaza, 3rd Floor
Toledo, OH 43604
toddm@wamenergylaw.com

Cathryn N. Loucas
Trent A. Dougherty
Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, Ohio 43212-3449
cathy@theoec.org
trent@theOEC.org

Michael L. Kurtz
Kurt J. Boehm
Jody M. Kyler
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
kboehm@BKLlawfirm.com
mkurtz@BKLlawfirm.com
jkyler@BKLlawfirm.com

Kyle L. Kern
Associate Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
kern@occ.state.oh.us

Christopher Allwein
Williams Allwein and Moser, LLC
Two Maritime Plaza, Third Floor
Toledo, Ohio 43604
callwein@wamenergylaw.com

Justin M. Vickers
Staff Attorney
Environmental Law & Policy Center
35 East Wacker Drive, Suite 1600
Chicago, IL 60601
jvickers@elpc.org

Trent A. Dougherty
Cathryn N. Loucas
Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 432112
Trent@theOEC.org
Cathy@theOEC.org

Todd M Williams
Williams Allwein and Moser, LLC
Two Maritime Plaza, Third Floor
Toledo, Ohio 43604
toddm@wamenergylaw.com

Gregory J. Poulos
EnerNOC, Inc.
471 East Broad Street, Suite 1520
Columbus, OH 43215
gpoulos@enernoc.com

Michael Lavanga
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson Street, N.W.
8th Floor, West Tower
Washington, D.C. 20007

Samuel C. Randazzo
Frank P. Darr
Matthew R. Pritchard
McNees Wallace & Nurick LLC
21 East State Street, 17th Floor
Columbus, OH 43215
sam@mwncmh.com
fdarr@mwncmh.com
mpritchard@mwncmh.com

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793
drinebolt@ohiopartners.org
cmooney@ohiopartners.com

James Lang
Calfee, Halter & Griswold LLP
The Calfee Building
1405 East 6th Street
Cleveland, OH 44114
jlang@calfee.com

Robert Brundrett
The Ohio Manufacturer's Association
33 North High Street
Columbus, OH 43215
rbrundrett@ohiomfg.com

Glenn S. Krassen
BRICKER & ECKLER LLP
1001 Lakeside Avenue East, Suite 1350
Cleveland, OH 44114
gkrassen@bricker.com

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