

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton	)	
Power and Light Company for Approval of Its	)	Case No. 17-1398-EL-POR
Energy Efficiency and Peak Demand Reduction	)	Case No. 17-1399-EL-WVR
Portfolio Plan for 2018 through 2020	)	

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**OBJECTIONS AND RECOMMENDATIONS OF THE OHIO HOSPITAL  
ASSOCIATION**

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**I.     INTRODUCTION**

Pursuant to Ohio Administrative Code Section 4901:1-39-04(D), the Ohio Hospital Association (“OHA”) submits its objections and recommendations to the application of Dayton Power & Light (“DP&L”) for approval of a three-year energy efficiency and peak demand reduction portfolio plan (“Application” and “EE/PDR Plan”). First, OHA recommends that DP&L improve the Application by establishing an enhanced rebate program for hospitals. In addition, OHA recommends that DP&L establish a process to improve monthly data sharing with the OHA in order to better facilitate energy-savings opportunities with hospitals.

**II.    BACKGROUND**

A. The OHA’s Energy Program

The OHA is a private, nonprofit trade association with 220 hospitals, 23 of which are DP&L customers. These OHA-member hospitals served by DP&L consumed more than 400 GWh of electricity in 2015. Residents in the areas served by DP&L rely on those 23 OHA-member hospitals over 2.3 million times per year for health care services on a combined in-patient and out-patient basis according to 2014 data. 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. Every hospital, or virtually every hospital, in DP&L's service area is a member of OHA, and all OHA member hospitals are posted at <http://www.ohanet.org/Members>.

A cornerstone of OHA's energy program is benchmarking hospitals' energy use and efficiency, which then provides each hospital with an ENERGY STAR score.<sup>1</sup> With this information, hospitals can pinpoint energy improvement projects that will most effectively improve their ENERGY STAR rating.<sup>2</sup> As described by the U.S. Environmental Protection Agency:

The ENERGY STAR Score for Hospitals applies to general medical and surgical hospitals, including critical access hospitals and children's hospitals. The objective of the ENERGY STAR score is to provide a fair assessment of the energy performance of a property relative to its peers, taking into account the climate, weather, and business activities at the property. To identify the aspects of building activity that are significant drivers of energy use and then normalize for those factors, a statistical analysis of the peer building population is performed. The result of this analysis is an equation that will predict the energy use of a property, based on its experienced business activities. The energy use prediction for a building is compared to its actual energy use to yield a 1 to 100 percentile ranking of performance, relative to the national population.<sup>3</sup>

Through OHA's efforts, 18 hospitals within DP&L's service territory have been benchmarked and an additional four hospitals are in the process of being benchmarked. Hospitals

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<sup>1</sup> Energy benchmarking allows a facility to not only monitor its own energy use over time but, by using the ENERGY STAR Portfolio Manager tool, it can compare energy use to peers across the country. Another benefit of ENERGY STAR Portfolio Manager is that automates the Weather Normalization process so a facility does not have to worry about a "cold winter" or a "warm summer" hurting their energy performance because the tool adjusts for weather.

<sup>2</sup> An ENERGY STAR score can be a great indicator of where hospitals can make the most effective investments to achieve energy savings. For example, a hospital with a very low score will likely have some improvements in operational efficiency to save energy rather than spending money to install solar panels or to undergo expensive capital projects. In contrast, a facility with a very high energy star score would not want to spend money on additional audits or retro-commissioning.

<sup>3</sup> See, "ENERGY STAR Score for Hospitals," available at <https://www.energystar.gov/buildings/tools-and-resources/energy-star-score-hospitals-general-medical-and-surgical>.

that achieve a score of 75 or above are certified as ENERGY STAR hospitals. In DP&L's territory, there are currently two ENERGY STAR certified hospitals, Adena Greenfield and Miami Valley South.

B. The OHA's Participation in EE/PDR Programs

The OHA has been and continues to be an active participant in the respective EE/PDR programs of each of Ohio's investor-owned utilities. The OHA's efforts in bringing the benefits of EE/PDR programs to its members have been recognized with awards from Midwest Energy Efficiency Alliance and the U.S. Environmental Protection Agency. These awards were given in response to the OHA's program of educational outreach, energy audits, and benchmarking with ENERGY STAR's Portfolio Manager tool, which lowers the informational and transactional barriers that otherwise prevent participation in utility EE/PDR programs.

The OHA has member facilities ranging from large to small in each utility'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 Ohio's investor-owned utilities, along with the difficulties faced by its member facilities in taking advantage of the programs as offered.

C. The Impact of Energy Savings to Hospitals

Since 2009, the OHA energy program has helped participating hospitals save more than \$50 million in operating costs through consulting services, electric procurement, and energy efficiency projects. In the last four years alone, energy efficiency improvements have resulted in approximately 74,000 MWh saved, equating into approximately \$5.5 million in savings to hospitals.

These improvements lead to significant cost savings for hospitals, and in turn, to the patients and communities they serve. The following points illustrate a real-life example of a hospital's annual energy cost savings *per bed* by increasing its ENERGY STAR rating (on a 1-100 rating scale):

- With an ENERGY STAR rating of 1, the hospital spent **\$6,742 per bed in energy costs**.
- By increasing its ENERGY STAR rating to 47, the hospital spent **\$4,451 per bed in energy costs**.
- And by improving its rating even more, to a rating of 63, the hospital reduced its spending to **\$3,265 per bed in energy costs**.

In these challenging economic times, any opportunity for hospitals to reduce energy costs is important to hospitals' financial ability to provide critical health services to the public. OHA is keenly aware of this goal for hospitals, and has been successfully working towards it for years.

In DP&L's territory, three hospitals are designated as "critical access hospitals," providing essential services in rural communities. Further, under state and federal law, nonprofit hospitals in DP&L's territory have an obligation to provide services to uninsured and indigent populations. It is with this sense of purpose that the OHA submits its recommendations on how DP&L can improve its EE/PDR application.

### **III. OBJECTIONS & RECOMMENDATIONS**

The OHA is largely supportive of the Application and appreciates the collaboration between DP&L and the OHA during previous EE/PDR Plans. Specifically, the OHA recommends two improvements to the Application.

#### **A. Enhanced Rebate Program**

In Case 14-1693-EL-SSO, the Commission approved a Stipulation that, in part, established a first of its kind enhanced rebate program for hospitals:

. . . AEP Ohio will work with the [OHA] on an annual energy efficient program targeted at OHA members in the AEP Ohio territory. The intent will be to partner with OHA over the terms of this affiliate PPA, to encourage and increase OHA members' participation in AEP Ohio's cost effective energy efficiency programs at their facilities. [AEP will] [p]rovide up to \$600,000 per year through the term of the affiliate PPA, in additional incentives from EE/PDR funding for contributions to qualifying EE/PDR projects under the AEP Ohio program. OHA and AEP will collaborate to determine the level of funding from this pool of dollars to contribute to projects throughout the year to provide extra incentive for OHA members to implement EE/PDR projects under the AEP Ohio Plan. Consideration for the additional incentives should include the size of the facility with a preference for smaller OHA members that have below average energy star score.<sup>4</sup>

In its first year of implementation, the enhanced rebate program with AEP has produced notable results. ENERGY STAR scores for hospitals in AEP Ohio's territory have increased approximately 10% as compared to the baseline from 2015. In addition, since the implementation of the enhanced rebate program, there has been an approximately 20% increase in facility participation in the EE/PDR program. These hospital facilities are no longer "on the sidelines" and now are actively engaged in seeking energy reduction opportunities. Further, the enhanced rebate program has increased the participation of hospitals that were already participating in energy efficiency efforts.

The enhanced rebate program has also led to increased collaboration and cooperation between AEP and the OHA. The two organizations work closely, on a nearly weekly basis, sharing insights in order to identify and target the most promising hospital energy efficiency projects.

The OHA recommends that DP&L amend the Application to create an enhanced rebate program for hospital facilities. To create an enhanced rebate program of similar scale to the program with AEP Ohio, the OHA recommends that DP&L amend its Application provide up to

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<sup>4</sup> Joint Stipulation and Recommendation, Case No. 14-1683-EL-RDR, at pp. 13-14 (Dec. 14, 2015). The Commission approved the Joint Stipulation in its March 31, 2016 Opinion & Order.

\$225,000 in enhanced rebate funding for hospitals in each year of the EE/PDR Plan. Similar to the AEP Ohio enhanced rebate program, DP&L and OHA would work collaboratively to identify projects and determine the level of funding to contribute.

**B. Monthly Information Sharing**

The OHA also recommends that DP&L amend its Application to establish a process for automatic monthly data sharing between DP&L and the OHA. The data shared with the OHA should include hospital rebate information, such as the year implemented, the kWh savings for the hospital, the type of project, and the rebate payout. The data exchange enables OHA to better track the energy improvements in hospitals and cross reference it with OHA's own data. Further, the information helps provide insight into potential projects for hospitals, and improve coordination between the hospitals, utility, and vendors. It is important to note that DP&L has been a cooperative partner with the OHA when this data has been requested in the past. However, as the program matures, the OHA recommends continuous improvement through a system of automatic monthly data sharing.

**IV. CONCLUSION**

The OHA reiterates that it is largely supportive of the Application and appreciates the collaboration between DP&L and the OHA during previous EE/PDR Plans. For the reasons stated herein, the OHA encourages DP&L to strongly consider its recommendation for improving the Application.

Respectfully submitted on behalf of  
THE OHIO HOSPITAL ASSOCIATION



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## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing was served upon the parties of record listed below this 14th day of August 2017 *via* electronic service.



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Summary: Objection and Recommendations of OHA electronically filed by Teresa Orahod  
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