

Chairman of the Board
WILLIAM E. SOPKO
President, William Sopko & Sons Co., Inc.



President
ERIC L. BURKLAND

December 7, 2016

The Honorable Troy Balderson
Chair, Senate Energy and Natural Resources
The Ohio Senate
Columbus, OH 43215

RE: Sub H.B. 554 Shared Savings Amendment: \$ Millions in customer charges

Dear Chairman Balderson:

I write to convey concerns with an amendment recently added to S.B. 554 by the House Public Utilities Committee that will subject customers to new costs while rewarding utilities with customer's money for poor performance. The OMA highlighted these concerns with members of the House. Language of greatest concern was included in amendment AM_131_3080-1. (Attached)

The OMA respectfully asks the Senate to remove the anti-customer amendment.

The amendment in question involves "shared savings" which is the regulatory mechanism for utilities to collect profit based on their performance offering energy-efficiency programs and services to customers. Shared savings is the primary financial incentive to ensure utilities are performing well, and thus the primary mechanism to protect consumers and businesses.

House-added language (Amendment AM_131_3080-1) subjects manufacturers and other consumers to costs without corresponding benefit. The amendment allows an electric utility that has not delivered customer efficiency reductions in one year, to charge customers and receive shared savings profit in a subsequent year.

The customer costs can be substantial involving potentially tens of millions of dollars per year throughout Ohio.

Importantly, all consumer and business groups have opposed this type of construct at the PUCO.

We urge the removal of this language from the bill and urge against other amendments that will drive customer costs without offsetting benefits. Please do not hesitate to contact me if you would like to discuss the matter further. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Augsburger".

Ryan Augsburger
Vice President & Managing Director of Public Policy

#1

Amendment No. AM 131 3080-1

Sub. H.B. 554

L 131 2143-5

Topic: Shared savings on banked energy efficiency and peak demand 1

_____ moved to amend as follows:

In line 3 of the title, delete "section" and insert "sections 4928.664 and" 2

In line 10, delete "section" and insert "sections 4928.664 and" 4

After line 817, insert: 5

"Sec. 4928.664. (A) If, under division (G) of section 4928.662 of the Revised Code, an electric distribution utility applies banked energy efficiency savings or banked peak demand reductions to achieve compliance with a benchmark under section 4928.66 of the Revised Code, the utility shall, in accordance with applicable procedures and rules of the public utilities commission, receive shared savings associated with the banked savings or banked reductions for the year in which they are applied toward the benchmark, provided that both of the following apply: 6-15



(1) The utility did not previously receive shared savings 16
on those banked energy efficiency savings or banked peak demand 17
reductions. 18

(2) The utility is using only as much banked energy 19
efficiency savings or banked peak demand reductions as are 20
necessary to meet, and not exceed, the benchmark. 21

(B) Division (A) of this section shall not be construed to 22
affect commission procedures or rules governing shared savings 23
associated with nonbanked energy efficiency savings and 24
nonbanked peak demand reductions." 25

The motion was _____ agreed to.