

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of)
Columbia Gas of Ohio, Inc., for an Adjustment) Case No. 09-1036-GA-UNC
To Rider IRP and Rider DSM Rates)

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**COMMENTS OF
OHIO PARTNERS FOR AFFORDABLE ENERGY**

Pursuant to the Entry of March 5, 2010, Ohio Partners for Affordable Energy ("OPAE") hereby submits its comments to the Application filed by Columbia Gas of Ohio, Inc. ("Columbia") in this docket. OPAE is limiting its comments to the DSM portion of the Application. The lack of comments regarding the infrastructure investment portions of the Application should not be interpreted as acceptance of the proposal.

Columbia has generally done a good job of developing and implementing its portfolio of programs. There has been adequate consultation with the Collaborative. Columbia staff has been responsive to questions. The contractors chosen have good track records. Unfortunately, as Staff notes in its Report, the complexity of ramping up programs has limited spending and expenditures to date have not reached expectations.

Because program administrative expenses tend to be front-loaded, OPAE supports Staff's conclusion that administrative expenses be reviewed based on a three-year average. This will more accurately reflect

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the relationship between administration and program expenditures.

Columbia will need to carefully monitor these expenses in light of program implementation costs to ensure the 20 percent cap is met. To the extent that program spending does not meet projections, administrative budgets will need to be reduced during the second and third year to ensure compliance.

OPAE shares staff concerns regarding the 'rollover' of spending authority. There is tremendous need for increased efficiency and the potential for significant customer savings. At the same time, the conditions that have limited expenditures under the current program will likely still exist as Ohio builds toward mature DSM programs. It will take some time for customers to become familiar with the programs and make the recommended investments. Therefore, OPAE suggests that the Collaborative be used as a sounding board to determine appropriate expenditure levels going forward. Program expenditure targets should be modified as appropriate. Recovery riders should match expenses.

OPAE's experience indicates that program size will gradually ramp-up over time. This will allow a reasoned review, that includes consideration of the size of the riders necessary to recover administrative and program costs.

Finally, OPAE views administrative costs as those costs which are incurred by the utility to manage and promote programs. The administrative costs of the third-party contractors should not be considered

administrative costs for the purposes of determining compliance with the 20 percent cap. OPAE has literally years of involvement with a wide range of DSM programs. Those implementing programs incur costs that are administrative in nature: financial management; audit; scheduling; working with Columbia and evaluation contractors, etc. These are costs necessary to deliver services and should be defined as program delivery costs. Costs incurred by third party contractors should not be included for purposes of calculating the 20% cap.

Respectfully submitted



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**On Behalf of Ohio Partners for
Affordable Energy**

CERTIFICATE OF SERVICE

I hereby certify that a copy of *Comments of Ohio Partners for Affordable Energy* were served by regular U.S. Mail, postage prepaid, upon the parties of record identified below on this 31th day of March, 2010.

A handwritten signature in black ink, appearing to read "David C. Rinebolt", is written over a horizontal line.

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