

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia Gas )  
of Ohio, Inc., for the Modification of its Demand ) Case No. 10-2480-GA-UNC  
Side Management Program for Residential )  
and Commercial Customers. )

FINDING AND ORDER

The Commission finds:

- (1) Columbia Gas of Ohio, Inc., (Columbia) is a natural gas company and a public utility as defined in Sections 4905.02 and 4905.03(A)(5), Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) On July 23, 2008, the Commission approved Columbia's application in *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Approval of a Demand Side Management Program for Residential and Commercial Customers*, Case No. 08-833-GA-UNC, for approval of an initial set of Demand-Side Management (DSM) programs. Columbia was authorized to implement those programs, subject to approval of the DSM cost recovery rider proposed in *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Authority to Amend Filed Tariffs to Increase Rates and Charges for Gas Distribution Service*, Case No. 07-829-GA-AIR, et al. (*Columbia Rate Case*). By opinion and order issued December 3, 2008, the Commission approved a stipulation in the *Columbia Rate Case*, which, *inter alia*, established a DSM Rider.
- (3) On November 3, 2010, Columbia filed an application in the above captioned proceeding to modify its current DSM programs. According to the application, on September 10, 2010, Columbia met with the Demand Side Management Stakeholder Group, the Office of the Ohio Consumers' Counsel and the Commission's Staff. Each individual program modification proposed herein was voted on and approved at that meeting.<sup>1</sup> In support of its application, Columbia states that certain components of its DSM portfolio have proven more successful

<sup>1</sup> Staff opposed the extension of the New Home Solutions program beyond 2011. All other program modifications passed unanimously.

than others; therefore, Columbia believes that it is in the best interest of ratepayers to modify the existing portfolio in order to maximize the impact of the more successful programs.

- (4) Through this application, Columbia is proposing the following modifications to the DSM programs:

- (a) Energy Efficiency Loan Fund Reallocation - The Energy Efficiency Loan Fund ("EELF") was established to provide alternative sources of financing for energy efficient improvements for residential and small commercial customers and to simplify the process of financing for those customers who may not have access to standard bank financing.

Columbia proposes to reallocate the \$1.146 million loan funds into its Home Performance Solutions (HPS) program for 2011. As part of the reallocation, Columbia proposes the following changes to the HPS program: increase audits from 6,039 to approximately 6,918 by March 31, 2011; continue the 10 percent incentive for assisted customers; provide heating contractor incentives in which a heating contractor would receive \$100 for a referral that results in an energy audit and \$100 bonus for a referral that results in qualified improvements being completed by the customer; and, reallocate approximately \$75,000 to marketing and approximately \$35,000 to rebate processing.

Further, Columbia proposes a new timeline in which customers are eligible to receive an additional rebate, as a result of implementing qualified energy efficiency improvements in a timely manner.

- (b) Small Business Energy Solutions Reallocation - The Small Business Energy Solutions ("SBES") program was designed to provide DSM opportunities to businesses using less than 300 thousand cubic feet (Mcf) annually by providing rebates for energy efficiency products and services. Columbia allocated \$3.5 million to this program and, to date, only three of the eligible 70,000 customers have taken advantage of these rebates.

Columbia proposes to suspend the program, effective September 30, 2010, so it may conduct a process and impact evaluation of the program, and potentially redesign the program to increase participation and effectiveness.

Columbia proposes to reallocate approximately \$3 million of the funds used for SBES to its HPS. Additional funds would allow for approximately 4,000 additional audits. Columbia will also set aside some of the fund for the evaluation and potential redesign of the SBES program, as previously approved in Columbia's initial program.

- (c) Home Performance Solutions High Efficiency Furnace Rebates - Columbia proposes to increase its HPS high-efficiency furnace standard rebate from \$200 to \$400. Columbia proposes to increase the bonus rebate from \$400 up to \$650.
- (d) New Home Solutions Continuation/Modification - Columbia's New Home Solutions program was designed to encourage builders to build homes that are more efficient. The program provides new home builders with training, technical assistance, subsidized energy ratings, direct financial incentives and marketing assistance for producing efficient new homes that meet energy efficiency levels as defined by current federal tax credits.

Columbia proposes to extend the New Home Solutions program through the end of 2012. Columbia also requests flexibility to adjust incentive levels as needed, so long as they continue to be cost effective.

- (e) DSM Action Plan Evaluation Schedule - Columbia proposes to modify the DSM Pilot Program Evaluation Schedule to coincide with actual program launch dates based on a program-year time period where needed.
- (5) The Commission has reviewed the application and finds the proposed changes to be reasonable and in the public interest, and, therefore, the application should be approved.

It is, therefore,

ORDERED, That Columbia's application for approval to modify the DSM programs be approved. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
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Alan R. Schriber, Chairman

  
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Paul A. Centolella

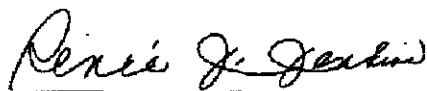
  
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Valerie A. Lemmie

  
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Steven D. Lesser

  
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Cheryl L. Roberto

JR:js

Entered in the Journal  
**NOV 22 2010**

  
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Renee J. Jenkins

Renee J. Jenkins  
Secretary