

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Self-	:	
Complaint of Suburban	:	Case No. 11-5846-GA-SLF
Natural Gas Company	:	
Concerning its Existing Tariff	:	
Provisions.	:	

**PREPARED TESTIMONY OF STEPHEN E. PUICAN
FILED ON BEHALF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Mike Dewine
Ohio Attorney General

William L. Wright
Section Chief

Thomas G. Lindgren
Assistant Attorney General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
Telephone: (614) 466-4395
Facsimile: (614) 644-8764
thomas.lindgren@puc.state.oh.us

1 1. Q. Would you please state your name and business address?

2 A. My name is Stephen E. Puican. My business address is 180 East Broad
3 Street, Columbus, Ohio.
4

5 2. Q. What is your present employment?

6 A. I am currently employed as Co-Chief of the Rates & Tariffs / Energy &
7 Water Division in the Utilities Department of the Public Utilities
8 Commission of Ohio ("PUCO").
9

10 3. Q. Would you outline your academic and professional qualifications?

11 A. I received a B.A. degree in Economics from Kent State University in
12 1980 and an M.A. degree in Economics from Ohio State University in
13 1983. I was employed by the Ohio Department of Development,
14 Division of Energy, from May 1983 until October 1985 at which time
15 the functions of that Division were incorporated into the PUCO. I have
16 been employed in several positions at the PUCO since that time and
17 have been Co-Chief of the Rates & Tariffs / Energy & Water Division
18 since May 2005. Prior to that, I had been Chief of the Gas and Water
19 Division since 1999. In both my current and previous positions I have
20 been responsible for oversight of the Utilities Department's natural gas
21 staff which includes responsibility for all GCR cases, as well as other
22 areas relating to natural gas such as contracts, certain tariff provisions,
23 and certain rate case issues. I have also been involved in the
24 development and evolution of Ohio's customer choice programs. Prior
25 to my current position I was responsible for directing Staff
26 investigations into electric utilities' Demand-Side Management (DSM)
27 programs and have submitted testimony in numerous proceedings
28 relating to evaluation of DSM programs.
29

1 4. Q. What is the purpose of your testimony in this proceeding?
2 A. I am testifying to Staff's position on Suburban Natural Gas Company's
3 (Suburban) proposal to implement a Demand-Side Management
4 (DSM) rider to recover the costs of a new home construction program.
5
6 5. Q. Would you describe Suburban's proposal?
7 A. Suburban proposes a rider be established to recover the costs associated
8 with providing assistance to homebuilders to encourage them to build
9 homes that are more efficient than what is necessary to receive federal
10 tax credits offered for building energy-efficient homes. According to
11 the application, such financial assistance would only be offered in those
12 situations where such homebuilders have available to them an offer
13 from another natural gas company to provide such assistance at the
14 same location or proposed location. The application states this rider is
15 necessary for Suburban to compete fairly for new home construction
16 load where a competing natural gas utility has the ability to offer such
17 incentives to homebuilders.
18
19 6. Q. What is Staff's recommendation on the proposed rider?
20 A. My recommendation is that the Commission not approve the rider at
21 this time.
22
23 7. Q. Would you provide some background and context for your
24 recommendation?
25 A. Yes. First of all, I would like to clarify that the competing company in
26 question is Columbia Gas of Ohio, Inc. (Columbia) as confirmed in the
27 testimony of Suburban witness David L. Pemberton, Jr. filed on May
28 25, 2012. The Commission approved Columbia's initial set of DSM
29 programs in Case No. 08-833-GA-UNC. Columbia was authorized to

1 implement those programs, subject to approval of a DSM cost recovery
2 rider which was approved in Case No. 08-72-GA-AIR. The
3 Commission has subsequently approved modifications to Columbia's
4 DSM portfolio in Case Nos. 10-2480-GA-UNC and 11-5028-GA-UNC.
5 Included in that portfolio is a New Home Solutions program that
6 provides new home builders with training, technical assistance,
7 marketing assistance and direct financial incentives for constructing
8 new homes that exceed state minimum codes. This is the program that
9 Suburban's proposed DSM program is intended to respond to.

10
11 8. Q. Why are you recommending the Commission not approve Suburban's
12 proposal?

13 A. Although Suburban's proposal is couched in terms of achieving parity
14 with Columbia's program, the two situations are completely different.
15 Columbia's new construction program was developed as part of a
16 comprehensive portfolio of DSM programs designed to encourage
17 customers to make cost-effective investments in energy efficiency. The
18 portfolio was developed with input from Columbia's Demand Side
19 Management Stakeholder Group which was formed after Columbia's
20 rate case for the purpose of providing such input. That group supported
21 Columbia's request for Commission approval of the DSM portfolio
22 which included its new home construction program. Further, funding for
23 that DSM portfolio was approved as part of a stipulation in Columbia's
24 rate case whose signatories included the Office of the Ohio Consumer's
25 Counsel and Ohio Partners for Affordable Energy which are also
26 participants in the DSM Stakeholder group. The point of this discussion
27 is that Columbia's new home construction program was designed and
28 funded as part of a comprehensive portfolio of DSM programs approved
29 by a stakeholder group consisting of representatives of Columbia's

1 customers. It is a diversified portfolio that is intended to be accessible to
2 a wide number of customers.¹

3
4 In contrast, Suburban's proposed new home construction program is a
5 stand-alone program that will be available only to a limited number of
6 customers. The vast majority of ratepayers that will finance the program
7 will have no ability to directly benefit from its existence. Natural gas
8 DSM programs, in my opinion, should be considered a utility service
9 made available to customers for their individual benefit. Customers as a
10 whole do not necessarily derive any benefit from another customer
11 reducing his natural gas consumption through a DSM program. This is
12 the importance of a portfolio approach so that many customers can take
13 advantage of this service.

14
15 Suburban's proposed program is strictly a competitive response
16 program. It is intended to compete with Columbia for new load. The
17 only benefit to non-participating customers is the increased load which
18 will result in lower rates in the event of a subsequent rate case. Viewed
19 from this perspective, this application needs to be viewed, not as a DSM
20 program, but as a proposal to implement a competitive response rider.
21 To my knowledge the Commission has never before approved a rider
22 with that intended purpose. Commission approval would thus result in
23 the establishment of an entirely new category of rider which LDCs

¹ It should be noted that both Vectren Energy Delivery of Ohio (Vectren) and Dominion East Ohio (Dominion) also have DSM programs and a corresponding rider. Both Dominion and Vectren have similar stakeholder groups that design the portfolio of programs and both had their riders approved as part of a joint stipulation in their last base rate case.

1 could potentially use to compete with one another. Although I
2 understand the rationale behind Suburban's particular proposal in this
3 proceeding, I believe its approval would set a bad precedent by
4 potentially encouraging competitive response proposals by other LDCs.

5

6 9. Q. Does this complete your pre-filed testimony?

7 A. Yes, it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Testimony of Stephen E. Puican, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by via electronic mail upon the following parties of record, this 6th day of June, 2012.

/s/Thomas G. Lindgren

Thomas G. Lindgren
Assistant Attorney General

Parties of Record:

Mark S. Yurick
Taft Stettinius & Hollister LLP
65 East State Street, Suite 1000
Columbus, Ohio 43215-4213

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/6/2012 10:51:05 AM

in

Case No(s). 11-5846-GA-SLF

Summary: Testimony Prepared Testimony of Stephen E. Puican electronically filed by Mrs. Tonneta Y Scott on behalf of PUCO