

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application)
of Columbia Gas of Ohio, Inc. for an) Case No. 12-2923-GA-RDR
Adjustment to Rider IRP and Rider)
DSM Rates

**PREPARED DIRECT TESTIMONY
OF MICHAEL BLASNIK
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

COLUMBIA GAS OF OHIO, INC.

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February 28, 2013

Attorneys for
COLUMBIA GAS OF OHIO, INC.

**PREPARED DIRECT TESTIMONY
OF MICHAEL BLASNIK**

- 1 **Q. Please state your name and business address.**
2 A. Michael Blasnik, 150 Poplar Street, Boston, MA 02131.
3
4 **Q. By who are you employed?**
5 A. I am self-employed and perform evaluation services for Columbia Gas of
6 Ohio, Inc. ("Columbia").
7
8 **Q. Will you please state briefly your educational background and experi-**
9 **ence?**
10 A. I received a Bachelor's degree in Economics from the Wharton school in
11 1982 and have been performing research on, and evaluation of, energy effi-
12 ciency technologies and programs for the past 30 years. I was the research
13 director for a non-profit energy research group in Philadelphia from 1983
14 through 1994. I then worked as director of evaluations for Proctor Engineer-
15 ing Group out of their Boston office from 1994 through 1997. Since 1997 I
16 have been a self-employed consultant to utility companies, government
17 agencies, and non-profit and for profit corporations. I have published many
18 technical papers over the years and have performed many impact evalua-
19 tions of energy efficiency programs, including currently leading the energy
20 impact evaluation of the DOE National Weatherization Assistance Program.
21
22 **Q. What is your role as evaluation consultant to Columbia Gas of Ohio?**
23 A. My role is to provide Columbia with demand side management ("DSM")
24 program design, research, analysis, and evaluation support. This includes
25 completing energy engineering and billing analysis impact evaluations for
26 Columbia's DSM programs. I am also responsible for reviewing and veri-
27 fying the mechanism that Columbia developed to track and calculate Co-
28 lumbia's Shared Savings Incentive.
29
30 **Q. Have you previously testified before this Commission?**
31 A. Yes. I provided written testimony and testified before the Commission in
32 Case No. 95-656-GA-AIR on behalf of the Southwest Ohio Intervention Co-
33 alition.
34
35 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to provide background and support of the
2 shared savings incentive reported in schedule DSM-5, Shared Savings In-
3 centive, filed by Columbia in this proceeding on February 28, 2013, and to
4 support the reasonableness of Columbia's request for shared savings in
5 Rider DSM rates.
6

7 **Q. Did Columbia earn shared savings from its DSM programs?**

8 A. Yes. Based on the procedures defined in the shared savings mechanism in
9 Case No. 11-5028-GA-UNC Columbia's DSM programs produced annual
10 savings of 245,370 MCF, which equals 85.4% of the savings target of 287,436
11 MCF. By surpassing 85% of the annual natural gas savings target, Columbia
12 is eligible to earn 6% of the net benefit of the value of the natural gas sav-
13 ings as described in shared savings mechanism.
14

15 **Q. Please describe the process used to track and verify shared savings.**

16 A. Columbia developed a mechanism to track and calculate its shared savings
17 incentive. The mechanism gathers and tracks data for energy conservation
18 measures installed through each DSM program. Columbia used this data to
19 calculate the projected natural gas savings using the formulas identified in
20 the State of Ohio Energy Efficiency Technical Reference Manual ("TRM"),
21 with the exceptions of the WarmChoice program where historic billing
22 analysis was used and the Innovative Energy Solutions program where the
23 energy audit projected natural gas savings were used. Using the energy
24 conservation measure lifetime identified in the TRM, Columbia calculated
25 the projected lifetime natural gas savings and the value of the natural gas
26 savings for all of its DSM programs. Columbia's shared savings were com-
27 puted by taking the difference between the net present value of the pro-
28 gram lifetime energy savings minus the net present value of the program
29 costs calculated from the Utility Cost Test.
30

31 I reviewed the mechanism that was developed by Columbia and verified
32 that the projected natural gas savings estimates based on the TRM were cal-
33 culated correctly and are accurate. I have also reviewed the calculation that
34 was used to develop the net present value of the lifetime natural gas sav-
35 ings that were used to determine the shared savings incentive as filed in
36 Schedule DSM-5.
37

- 1 **Q. Have any revisions been made to the assumptions used in the shared**
2 **savings incentive calculation from what was filed in Case No. 11-5028-**
3 **GA-UNC?**
- 4 A. Yes. The natural gas cost estimates included in Appendix B, Exhibit 4 of
5 Case No. 11-5028-GA-UNC were reduced to reflect recent natural gas price
6 projections. Natural gas cost estimates were updated based on the U.S. En-
7 ergy Information Administration’s 2012 Annual Energy Outlook Reference
8 Case. The discount rate used was updated to reflect Columbia’s current
9 weighted average cost of debt of 5.66%.
- 10
- 11 **Q. Does this complete your Prepared Direct Testimony?**
- 12 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of Michael Blasnik was served upon all parties of record by electronic mail this 28th day of February 2013.

/s/ Stephen B. Seiple

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Summary: Testimony of Michael Blasnik electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.