

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter of the Demand Side Management)
Tariff Filing of the East Ohio Gas Co. d/b/a) Case No. 17-1372-GA-RDR
Dominion East Ohio.)

**COMMENTS FOR CONSUMER PROTECTION
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

Dominion East Ohio ("Dominion" or "Utility") charges its 1.1 million customers up to \$9.5 million per year for natural gas energy efficiency programs: \$5.5 million in base rates and \$4.0 million through a demand side management ("DSM") rider.¹ Unlike electric energy efficiency, which can benefit non-participating customers by deferring power plant construction and costs, natural gas utility energy efficiency programs are subsidy programs that consumers fund without the same system-wide benefits of the electric programs.² While Dominion's efforts for energy efficiency are appreciated, some recommendations are provided here for consumer protection.

On November 22, 2016, the Utility submitted an updated DSM rider tariff requesting an increase in its charge to customers from \$0.0264 per Mcf to \$0.0332 per Mcf.³ The Utility, however, did not file any supporting documents to prove whether its expenditures for the programs that customers subsidize were just and reasonable.

¹ See Opinion & Order at 7, 22-24 (Oct. 15, 2008), In re Application of the E. Ohio gas Co. d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distrib. Serv., Case No. 07-829-GA-AIR.

² See Prefiled Testimony of Stephen E. Puican, Case No. 05-1444-GA-UNC (Mar. 20, 2006) (natural gas energy efficiency programs "do not provide the type of system-wide benefits that justify a rider attached to all customer bills," and "there are minimal, if any, benefits to customers other than those that can participate in a particular DSM program").

³ See Case No. 89-8006-GA-TRF.

The Staff of the Public Utilities Commission of Ohio ("PUCO") audited the Utility's energy efficiency programs during the period October 1, 2015 through September 30, 2016.⁴ In its comments filed in this case, the PUCO Staff recommended that the PUCO "direct Dominion to annually file a DSM rider application with supporting schedules in a new case record that requests Commission approval to adjust its DSM rider rate rather than merely filing an updated tariff each year."⁵

The Office of the Ohio Consumers' Counsel ("OCC") files these comments in support of the PUCO Staff's recommendation and with additional recommendations for consumer protection. In this regard, the PUCO should determine every year whether the Utility has met a burden of proof that the charges customers pay for subsidies of natural gas energy efficiency are just and reasonable.

A. Consistent with the PUCO Staff's recommendation, the PUCO should order the Utility to file an annual application with supporting schedules and rule on whether the Utility has proved that its program costs are just and reasonable to charge to customers.

The Consumers' Counsel supports the PUCO Staff's recommendation that the Utility be required to initiate a new PUCO case each year on the subject of its charges to customers for natural gas energy efficiency programs. Currently, the Utility files a barebones rider update that includes a summary of spending and a brief calculation showing the change in the rider rate.⁶ But the Utility's filing does not include: (i) a description of the programs, (ii) the cost per program, (iii) the types of energy efficiency measures that are offered in the programs, (iv) the number of customers that participate,

⁴ See PUCO Staff Comments (June 5, 2017).

⁵ Id. at 2.

⁶ See Case No. 89-8006-GA-TRF (Nov. 22, 2016 DSM rider update).

(v) the cost to serve each customer under the Utility's low-income assistance program, (vi) the metrics used to evaluate the programs, or (vii) any other details about the utility's natural gas energy efficiency programs, which customers pay for.

Also, the PUCO Staff's recommendation, which we make as well, will provide for more transparency to those consumers that pay for the Utility's programs. Customers have a right to know what they are paying for.

Finally, the recommendation will further compliance with statutory standards. Those standards include that customers should not be charged unless the PUCO determines the charges to be just and reasonable as required under R.C. 4905.22 and 4909.17.

B. The Utility's energy efficiency program for assisting low-income consumers should maximize the number of Ohioans receiving the benefits of the program that other customers fund.

In an attempt to better understand the performance of the Utility's programs, which customers fund, the Consumers' Counsel served discovery requests on the Utility. Especially considering the lack of system-wide benefits for other customers who fund the Utility's natural gas energy efficiency programs, the programs should maximize the number of customers that can participate for a given level of funding, especially for low-income customers.

During the audit period, the Utility spent \$9,989,799 on its low-income Housewarming Program.⁷ During that same period, the low-income program served just

⁷ See Ex. 1 (Dominion Response to PUCO Staff Data Request 5).

2,308 houses.⁸ The average cost per home project was over \$4,300. In a relatively low number of instances, considerably more than \$4,300 was spent per house.⁹

As noted, natural gas energy efficiency programs do not provide any system-wide benefits to all customers (in contrast with electric programs that may provide benefits of price suppression or deferred building of power plants). The PUCO should establish a cap on the amount of utility customer funding that can be spent weatherizing a single home under the Utility's programs.

Additionally, it is time for the PUCO (if it has such authority) to establish rules under R.C. 111.15, subject to review by the Joint Committee on Agency Rule Review, to govern the natural gas energy efficiency programs that Ohioans are subsidizing. The natural gas energy efficiency programs that the PUCO has authorized exist without the sort of statutory standards applicable to electric programs (Revised Code 4928.66) and without the sort of rules applicable to electric programs (O.A.C. Chapter 4901:1-39).

C. Conclusion

The Consumers' Counsel supports opportunities for Ohio consumers to reduce their natural gas usage and lower their monthly natural gas bills—including opportunities in the competitive market for energy efficiency programs without gas customer funding. Where there are utility-sponsored natural gas energy efficiency programs, the programs should benefit as many customers as possible for the consumer funding spent, especially with regard to low-income assistance for Ohioans in need. For utility-sponsored energy efficiency programs, the PUCO should adopt its Staff's recommendation, which we also

⁸ Id.

⁹ There were at least five houses that received over \$10,000 in benefits—one of which received over \$18,000 in weatherization services. There were another eight houses that received benefits of between \$8,000 and \$10,000 each, and another five houses that received between \$6,000 and \$8,000 each in benefits.

make, for requiring the Utility to file a detailed annual application toward proving whether its charges to consumers for natural gas energy efficiency are just and reasonable.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 31st day of July 2017.

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**Dominion East Ohio
Housewarming Program
October 2015 - September 2016**

Vendor: Cleveland Housing Network (CHN)

	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Total</u>
Contractor Costs													
Inspection Fees	\$ 54,650.00	\$ 58,150.00	\$ 54,950.00	\$ 66,600.00	\$ 77,950.00	\$ 81,150.00	\$ 75,900.00	\$ 61,150.00	\$ 36,550.00	\$ 23,550.00	\$ 31,800.00	\$ 40,650.00	\$ 663,050.00
Weatherization Measures	763,542.28	708,379.50	636,126.13	1,004,336.16	958,108.67	1,114,167.78	957,784.30	974,773.19	518,562.26	349,560.79	370,038.13	432,076.76	8,787,455.95
Training, Software, Equipment	976.80	628.91	339.28	-	1,870.77	775.00	-	10,362.09	5,012.00	(1,512.00)	-	2,267.85	20,720.70
Customer Education, Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Fee	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	42,800.00	513,600.00
Post-Housewarming Inspection Fees*	2,712.00	2,260.00	-	-	-	-	-	-	-	-	-	-	4,972.00
Total:	\$ 864,681.08	\$ 812,218.41	\$ 734,215.41	\$ 1,113,736.16	\$ 1,080,729.44	\$ 1,238,892.78	\$ 1,076,484.30	\$ 1,089,085.28	\$ 602,924.26	\$ 414,398.79	\$ 444,638.13	\$ 517,794.61	\$ 9,989,798.65

Initial Inspections Performed	159	219	192	196	277	269	229	94	78	75	78	117	1,983
Final Inspections Performed	155	145	143	188	201	217	212	207	115	117	101	75	1,876
Customers with Actual Work Performed & Billed	225	159	149	219	276	239	209	302	155	141	135	99	2,308

Major Services Performed

Water Heaters Installed	50	36	48	80	74	80	89	84	47	31	18	25	662
Furnaces Installed	92	99	98	134	145	146	130	154	78	59	39	37	1,211
Insulation Jobs	76	57	62	89	68	110	87	74	40	50	69	36	818

* Post-Housewarming inspections contract was originally awarded to GoodCents. Upon completion of GoodCents contract as the Home Performance with Energy Star Program administrator, GoodCents was no longer able to complete Post-Housewarming inspections. At that time, the contract for such inspections went through Dominion's competitive bidding process and was recently awarded to CLEARResult.

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Summary: Comments Comments for Consumer Protection by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.