

**OCC EXHIBIT NO. \_\_\_\_\_**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren )  
Energy Delivery of Ohio, Inc. for Approval ) Case No. 18-0049-GA-ALT  
of an Alternative Rate Plan. )

In the Matter of the Application of Vectren )  
Energy Delivery of Ohio, Inc. for Approval ) Case No. 18-0298-GA-AIR  
of an Increase in Gas Rate )

In the Matter of the Application of Vectren )  
Energy Delivery Ohio, Inc. for Approval of ) Case No. 18-0299-GA-ALT  
an Alternative Rate Plan. )

**SUPPLEMENTAL DIRECT TESTIMONY  
OF  
COLLEEN SHUTRUMP**

**IN OPPOSITION TO THE JOINT STIPULATION AND RECOMMENDATION**

**On Behalf of the  
The Office of the Ohio Consumers' Counsel**  
*65 East State Street, 7<sup>th</sup> Floor  
Columbus, Ohio 43215-4213*

**January 28, 2019**

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### Attachments

CLS Exhibit 1-a

1    **I.        BACKGROUND**

2

3    ***Q1.    PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.***

4    ***A1.***    My name is Colleen Shutrump. I am employed as the Energy Resource Planning  
5            Advisor for the Office of the Ohio Consumers' Counsel ("OCC"). My business  
6            address is 65 East State Street, Suite 700, Columbus, Ohio 43215.

7

8    ***Q2.    PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND***  
9            ***PROFESSIONAL EXPERIENCE.***

10   ***A2.***    I have a Bachelor of Science in Business Administration from the Youngstown  
11            State University with a major in Management and a Master of Business  
12            Administration from Baldwin Wallace College with emphasis in International  
13            Business. I have worked over eight years in electric utility regulation with  
14            emphasis on customer-funded energy efficiency programs. I started as a Utility  
15            Analyst at the Indiana Utility Regulatory Commission in 2009. I was promoted to  
16            Senior Utility Analyst in 2015. While there, I attended the Institute of Public  
17            Utilities Michigan State University Advanced Regulatory Studies Program and  
18            Camp NARUC. I began work as an Energy Resource Planning Advisor with  
19            OCC in August 2015. In spring 2016, I completed a graduate-level course on  
20            Utility Regulation and Deregulation at the Ohio State University, John Glenn  
21            College of Public Affairs.

1   ***Q3.   WHAT ARE YOUR DUTIES AT THE OHIO CONSUMERS' COUNSEL?***

2   ***A3.***   I provide analytical support on energy resource planning issues impacting Ohio  
3           consumers' interests. I serve as the Analytical Department's lead analyst and  
4           policy advisor for the OCC on cases and issues relating to customer-funded  
5           energy efficiency and demand side management programs. This includes, among  
6           other things, advocating for (i) consumer options to reduce their energy use and  
7           save money on their utility bills and (ii) developing agency policy that addresses  
8           consumer-protection issues. I was extensively involved in each of the four 2016  
9           electric energy efficiency portfolio cases before the Public Utilities Commission  
10          of Ohio ("PUCO"). My involvement included providing testimony in the Dayton  
11          Power & Light<sup>1</sup> and Duke Energy Ohio<sup>2</sup> portfolio cases affecting consumers, as  
12          well as the 2016 energy efficiency portfolio case of Columbia Gas of Ohio and its  
13          consumers. I participate in energy efficiency collaborative meetings for utility-led  
14          electric and gas programs. I provided direct testimony in this case on November  
15          7, 2018.

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<sup>1</sup> <http://dis.puc.state.oh.us/CaseRecord.aspx?Caseno=16-0649&link=PDC>.

<sup>2</sup> <http://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=16-0576-EL-POR>.

1    **II.      PURPOSE OF TESTIMONY AND SUMMARY OF**  
2            **RECOMMENDATIONS**

3  
4    ***Q4.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

5    **A4.**    In my testimony, I conclude that the proposed Stipulation and Recommendation  
6            (the “Settlement”) includes a provision to continue subsidies that fund non-low-  
7            income natural gas energy efficiency programs which do not benefit customers or  
8            the public interest, and it violates important regulatory principles and practices.

9  
10   ***Q5.    WHAT DOES THE PUCO CONSIDER WHEN EVALUATING***  
11        ***SETTLEMENTS?***

12   **A5.**    The PUCO uses three criteria for evaluating the reasonableness of a proposed  
13            settlement. My testimony focuses on the following two:<sup>3</sup>

- 14            1.      Does the settlement, as a package, benefit customers and the public  
15                    interest?
- 16            2.      Does the settlement, as a package, violate any important regulatory  
17                    principle or practice?

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<sup>3</sup> *Consumers' Counsel v. PUCO*, 64 Ohio St. 3d 123, 125 (1992).

1   ***Q6. CAN YOU SUMMARIZE YOUR CONCLUSIONS AND***  
2                   ***RECOMMENDATIONS REGARDING THE SETTLEMENT AS IT***  
3                   ***RELATES TO PRONG TWO AND THREE OF THE PUCO'S THREE-***  
4                   ***PRONG TEST?***

5   ***A6.*** I recommend that the PUCO reject the Settlement because:

- 6           1.     The Settlement does not benefit customers or the public interest  
7                   because it includes a provision to continue subsidies that fund non-  
8                   low-income natural gas energy efficiency programs for only a  
9                   relatively few participants to receive fewer benefits supported by  
10                  non-participants who receive no benefit at all.
- 11          2.     The competitive market for energy efficient products no longer  
12                  justifies monopoly gas distribution customers subsidizing energy  
13                  efficiency programs.
- 14          3.     The Settlement violates important regulatory principles and  
15                  practices because the provision that provides for Vectren Energy  
16                  Delivery Ohio, Inc. ("VEDO") customers to fund energy efficiency  
17                  programs and associated expenses does not protect consumers by  
18                  including a specified funding level, nor does it include a funding  
19                  cap that would protect customers from paying too much for  
20                  VEDO's portfolio of programs (including non-low income and  
21                  low-income programs). Utility customers have a right to pay no  
22                  more than a just and reasonable price for their utility service. The  
23                  Settlement does not adequately protect customers from paying too

1 much for VEDO's energy efficiency programs (including non-low  
2 income and low-income programs).

3  
4 **III. THE SETTLEMENT DOES NOT BENEFIT CUSTOMERS OR THE**  
5 **PUBLIC INTEREST.**

6  
7 ***Q7. DOES THE SETTLEMENT, WHICH INCLUDES FUNDING FOR NON-***  
8 ***LOW-INCOME PROGRAMS, BENEFIT ALL CUSTOMERS?***

9 ***A7.*** No. VEDO's programs have low customer participation levels. In the first nine  
10 months of 2018, fewer than 11,000 residential customers participated in VEDO's  
11 non-low-income programs.<sup>4</sup> This means that more than 96% of VEDO's  
12 *residential customers* did not participate in VEDO's non-low-income programs in  
13 2018.<sup>5</sup> As a result, these non-participating customers end up subsidizing  
14 programs in which relatively few customers participate. Subsidies that all  
15 customers pay for but only very few customers participate in the programs is not  
16 equitable and does not benefit the interests of all paying customers.  
17 All customers pay for VEDO's energy efficiency programs. Yet, for those  
18 customers that do not participate, the programs do nothing more than increase the  
19 charge on their bill without any tangible program benefit in return.

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<sup>4</sup> See Vectren Annual Report at page 62, total residential customers is 297,285.

1   ***Q8. DID VEDO UPDATE THEIR PARTICIPATION LEVELS SINCE YOU***  
2       ***FILED TESTIMONY IN THIS CASE?***

3   ***A8.***    Yes. On January 23, 2019, VEDO shared with the Collaborative, their December  
4           year-end 2018 scorecard. Vectren reported total residential participation levels of  
5           91,003 for all of 2018. The September 2018 Scorecard showed participation  
6           levels through September 2018 of 10,845.

7  
8   ***Q9. DOES THIS CHANGE YOUR RECOMMENDATION REGARDING***  
9       ***WHETHER CONSUMER SUBSIDIES FOR NON-LOW-INCOME***  
10      ***PROGRAMS ARE REASONABLE AND IN THE PUBLIC INTEREST?***

11   ***A9.***    No. I have some concerns with the validity of the additional participation levels  
12           reported by VEDO. The increase in participation levels is primarily due to VEDO  
13           claiming 62,501 participants from a program that was intended to be implemented  
14           sometime in 2019.<sup>6</sup> The behavioral program was proposed in VEDO's  
15           application in this case, but to be implemented sometime in 2019 and only if cost-  
16           effective.<sup>7</sup> So I am concerned about why participation levels are being reported in  
17           2018 for a program that is not approved by the PUCO and not intended for  
18           implementation until mid- 2019.

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<sup>6</sup> See VEDO 2018 Year-end Scorecard, attached hereto as CLS Exhibit 1a.

<sup>7</sup> Direct Testimony of Rina Harris, Case No. 18-0298-GA-AIR, at 10.



***Q10. HOW DO LOW NATURAL GAS PRICES AFFECT THE INTENDED  
BENEFITS FROM VEDO'S NON-LOW-INCOME NATURAL GAS ENERGY  
EFFICIENCY PROGRAMS?***

***A10.*** First, it is important to remember that regardless of the price of natural gas, non-participating customers do not benefit from natural gas energy efficiency programs. In the electric context, energy efficiency programs can defer the need for new generation, which benefits all customers. Due to natural gas storage, natural gas energy efficiency programs, on the other hand, do not serve as alternatives to new construction, so these programs do not reduce costs for all customers. In 2006, even with gas prices significantly higher than they are now, PUCO Staff member Stephen Puican testified in opposition to natural gas DSM as follows:

“I don’t believe charging customers for the cost of implementing natural gas DSM programs is justified. This is not to say such programs can’t benefit individual customers, but rather as a general proposition, they do not provide the type of system-wide benefits that justify a rider attached to all customer bills.

Reductions in consumption would help the individual consumers that were in a position to take advantage of a DSM program, but it does not necessarily follow that there is a reduction in the cost of

1 gas. Thus, there are minimal, if any, benefits to customers other  
2 than those that can participate in a particular DSM program.”<sup>8</sup>  
3

4 Today with natural gas prices lower than they were in 2006, the benefits of  
5 natural gas energy efficiency programs (to the relatively few residential customers  
6 who participate) are even smaller. And with natural gas prices expected to remain  
7 low for the foreseeable future, participating customers receive fewer benefits and  
8 fewer opportunities to save money on their bill. Meanwhile, non-participating  
9 customers receive no benefits but continue to pay a charge on their bills.  
10

11 ***Q11. WHY IS THE SETTLEMENT NOT IN THE PUBLIC INTEREST?***

12 ***A11.*** The public interest changes over time. In 2003, there was an economic rationale  
13 for regulatory actions (e.g., utility subsidies) to correct for market barriers to  
14 natural gas efficiency programs. The price of natural gas nearly doubled (after  
15 years of very low prices), directing emphasis on policies at the federal and state  
16 level that provided for energy-consuming product standards, building codes and  
17 utility conservation programs. In Ohio, these policies are evident in the PUCO’s  
18 2005 Annual Report that emphasizes the PUCO’s efforts to educate consumers  
19 about conservation and acknowledging concerns from consumers about the high  
20 price of natural gas. The annual report also noted VEDO’s proposal to implement  
21 an energy efficiency tariff.<sup>9</sup> The high price of natural gas resulted in a public

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<sup>8</sup> Prefiled Testimony of Stephen E. Puican, March 20, 2006, Case No. 05-1444-GA-UNC.

<sup>9</sup> The Public Utilities Commission of Ohio, Annual Report, 2005.

1 service obligation model that legitimized VEDO's proposal to fund energy  
2 efficiency programs. Those actions have adequately addressed market and  
3 behavioral failures associated with serving the public good by providing options  
4 for consumers to reduce their usage and consumers acting to benefit from these  
5 options.

6  
7 **Q12.** Is the market for energy efficiency products and services competitive?

8 **A12.** Yes. And that market has developed without mandates for gas energy efficiency  
9 savings. Since VEDO's initial program was approved in 2006, the competitive  
10 market has developed into a larger number of private and public entities (like  
11 Amazon and the ENERGY STAR label) educating consumers about energy  
12 conservation and delivering energy efficient programs. More than 80% of  
13 American consumers now recognize the ENERGY STAR label.<sup>10</sup> And more than  
14 70 product categories are ENERGY STAR certified.

15 Requiring consumers to subsidize natural gas energy efficiency programs when  
16 the competitive market is meeting the needs of utility customers at competitive  
17 prices is wrong. I recommend that the PUCO reject the settlement because it is  
18 not necessary for consumers to fund services which are available through a  
19 variety of channels in the competitive marketplace. And policies that support the  
20 public interest should protect monopoly gas distribution customers from paying

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<sup>10</sup> Energy Star® Products 20 Years of Helping America Save Energy Save Money and Protect the Environment;  
[https://www.energystar.gov/ia/products/downloads/ES\\_Anniv\\_Book\\_030712\\_508compliant\\_v2.pdf](https://www.energystar.gov/ia/products/downloads/ES_Anniv_Book_030712_508compliant_v2.pdf)

1 subsidies to their Utility for services that can be delivered in the competitive  
2 market.

3  
4 **IV. THE SETTLEMENT VIOLATES REGULATORY PRINCIPLES AND**  
5 **PRACTICES**

6  
7 ***Q13. WHAT REGULATORY PRINCIPLES OR PRACTICES ARE VIOLATED***  
8 ***THROUGH THE SETTLEMENT?***

9 ***A13.*** R.C. 4909.18 and 4905.22 bestow on the PUCO exclusive jurisdiction to  
10 determine that a public utility's rates are just, reasonable, and not more than  
11 allowed by law or PUCO order. However, the Settlement does not specify an  
12 actual charge or formula for a charge to consumers for energy efficiency  
13 programs.  
14 Rather, the Settlement includes a provision for VEDO to fund energy efficiency  
15 programs and associated expenses without a specified funding level.<sup>11</sup> The  
16 Settlement proposes that VEDO will adjust the Energy Efficiency Funding Rider  
17 to reflect the removal from base rates an approved funding level of \$4 million and  
18 then recover, unless otherwise ordered by the PUCO, all approved energy  
19 efficiency expenses which could exceed the otherwise requested annual funding  
20 level in VEDO's application of \$5.6 million.<sup>12</sup> Under the current process, the  
21 collaborative approves energy efficiency expenses.<sup>13</sup> And the Settlement provides

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<sup>11</sup> VEDO Response 18-0298 OCC's 16<sup>th</sup> Set of Discovery to Vectren 01-09-19, page 16.

<sup>12</sup> Direct Testimony of Rina H. Harris filed April 13, 2018, at 4.

<sup>13</sup> *Id.*

*Supplemental Direct Testimony of Colleen Shutrump  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case No. 18-0298-GA-AIR*

1       that that the VEDO Collaborative will continue to meet and function under its  
2       existing responsibilities and procedures regarding energy efficiency programs  
3       through December 31, 2020. During that time, the Collaborative could vote on  
4       unlimited additional funding for programs that could be implemented without  
5       PUCO authorization. The Collaborative, as established in Case No. 05-1444-GA-  
6       UNC, Supplemental Opinion and Order (June 28, 2007) was intended to monitor  
7       the implementation for the energy efficiency programs approved as proposed in  
8       the application and at least annually, consider and make recommendations  
9       regarding additional program funding.<sup>14</sup> Charges to customers for VEDO's energy  
10      efficiency programs should be specifically identified and approved by the PUCO  
11      rather than determined at a later date by VEDO's Collaborative through an  
12      unregulated process with undefined criteria and uncertain charges to consumers.

13  
14   ***Q14. DOES THIS CONCLUDE YOUR TESTIMONY?***

15   ***A14.*** Yes. However, I reserve the right to supplement my testimony if additional  
16      testimony is filed, or if new information or data in connection with this  
17      proceeding becomes available.

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<sup>14</sup> O&O filed January 7, 2009, in Case No. 07-1080-GA-AIR, at 4.

## **CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing *Supplemental Direct Testimony of Colleen Shutrump on Behalf of the Office of the Ohio Consumers' Counsel* has been served electronically this 28<sup>th</sup> day of January 2019.

/s/ William J. Michael

William J. Michael  
Assistant Consumers' Counsel

## **SERVICE LIST**


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December 2018 Scorecard - Vectren Ohio



		Measures Implemented				Gross CCF Savings				Program Expenditures			
		Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal
Residential Programs													
Residential Prescriptive Program													
Furnace 95%		151	1,728	2,200	79%	18,226	208,570	265,540	79%				
Furnace 97%		43	533	500	107%	6,503	80,611	75,620	107%				
New Construction Furnace 97%		0	0	15	0%	0	0	1,685	0%				
Boiler 95%		4	34	30	113%	643	5,063	5,257	96%				
Wi-Fi (Smart) Thermostat		347	2,036	7,000	54%	23,381	137,186	471,660	54%				
Wi-Fi (Smart) Thermostat Online Store		177	1,763			11,926	118,791						
Wi-Fi (Basic) Thermostat		78	957	1,500	64%	4,492	55,114	86,385	64%				
Programmable Thermostat C/O 2017		0	52	0	-	0	1,722	0	-				
Furnace Tune Up & Tstat *		81	380	0	-	6,010	26,738	0	-				
Residential Prescriptive Subtotal		881	7,483	11,245	67%	71,181	633,793	906,146	70%	\$ 128,310	\$ 1,332,785	\$ 1,492,335	89%
Residential Behavioral *		62,501	62,501	0	-	36,463	72,925	0	-	\$ -	\$ 106,000	\$ -	-
Residential Home Insulation													
Wall Insulation		3	164	248	66%	694	37,914	57,218	66%				
Attic Insulation		5	577	523	110%	645	74,052	67,455	110%				
Air Sealing		5	636	545	117%	509	64,681	55,374	117%				
Direct Install Measures C/O 2017		0	4	0	-	0	236	0	-				
Residential Home Insulation		13	1,381	1,316	105%	1,847	176,883	180,047	98%	\$ 46,384	\$ 995,191	\$ 995,703	100%
DP&L EE Kits *		10,638	10,638	0	-	80,000	80,000	0	-	\$ 88,640	\$ 88,640	\$ -	-
Schools		887	9,000	9,000	100%	9,775	99,180	99,180	100%	\$ 34,522	\$ 284,175	\$ 302,950	94%
Total Residential		74,920	91,003	21,561	422%	199,265	1,062,781	1,185,373	90%	\$ 209,215	\$ 2,718,151	\$ 2,790,988	97%
Commercial Programs													
Commercial Prescriptive Program													
Furnace 95%		0	88	75	117%	0	10,622	13,095	81%				
Furnace 97%		0	0	5	0%	0	0	953	0%				
Boiler - Commercial Prescriptive		8	21	25	84%	9,835	26,464	20,080	132%				
Boiler Tune-Up		0	0	20	0%	0	0	3,300	0%				
Wi-Fi (Smart) Thermostat		2	11	30	120%	98	539	1,471	120%				
Wi-Fi (Smart) Thermostat Online Store		0	25			0	1,226						
Wi-Fi (Basic) Thermostat		0	9	50	18%	0	375	2,083	18%				
Steam Cooker New		0	0	3	0%	0	0	444	0%				
Convection Oven New		0	0	5	0%	0	0	1,315	0%				
Gas Fryer New		0	1	3	33%	0	1,010	1,515	67%				
Unit Heater - Condensing <300 MBH New		0	0	3	0%	0	0	798	0%				
Infrared Heater New		0	0	5	0%	0	0	1,580	0%				
Steam Traps *		0	215	0	-	52,237	160,963	0	-				
Commercial Prescriptive Subtotal		10	370	224	165%	62,170	201,198	46,633	431%	\$ 343	\$ 355,406	\$ 184,253	193%

December 2018 Scorecard - Vectren Ohio



	Measures Implemented				Gross CCF Savings				Program Expenditures			
	Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal
<b>Commercial Custom</b>												
< 7500 Therms	0	9	4	225%	0	24,472	10,800	227%				
>=7500 Therms	0	4	2	200%	0	103,286	21,000	492%				
<b>Commercial Custom</b>	0	13	6	217%	0	127,758	31,800	402%	\$ 9,782	\$ 153,513	\$ 109,799	140%
<b>Total Commercial</b>	10	383	230	167%	62,170	328,956	78,433	419%	\$ 10,125	\$ 508,918	\$ 294,052	173%
<b>Total Residential &amp; Commercial</b>	74,930	91,386	21,791	419%	261,435	1,391,738	1,263,806	110%	\$ 219,340	\$ 3,227,069	\$ 3,085,040	105%
Program Outreach and Education									\$ 127,917	\$ 181,520	\$ 325,000	56%
Online Tool Licensing Fees									\$ -	\$ 69,851	\$ 69,851	100%
<b>Portfolio Total</b>	74,930	91,386	21,791	419%	261,435	1,391,738	1,263,806	110%	\$ 347,257	\$ 3,478,440	\$ 3,479,891	100%

\* Denotes Mid-Year Programs

	Homes Weatherized				Gross CCF Savings				Program Expenditures			
	Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal	Current Month (December)	YTD	Planning Goal	% to Goal
<b>VWP I</b>	13	229	255	90%	2,522	44,426	49,470	90%	\$ 85,837	\$ 1,147,085	\$ 1,162,553	99%
<b>VWP II</b>	25	122	139	88%	5,200	25,376	28,912	88%	\$ 180,364	\$ 989,742	\$ 1,036,003	96%
<b>Total</b>	38	351	394	89%	7,722	69,802	78,382	89%	\$ 266,201	\$ 2,136,827	\$ 2,198,556	97%



**This foregoing document was electronically filed with the Public Utilities**

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**in**

**Case No(s). 18-0298-GA-AIR, 18-0299-GA-ALT, 18-0049-GA-ALT**

Summary: Testimony Supplemental Direct Testimony of Colleen Shutrump in Opposition to the Joint Stipulation and Recommendation electronically filed by Ms. Jamie Williams on behalf of Michael, William Mr.