***OCC EXHIBIT \_\_\_\_***

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Natural Gas Rates.  In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Form of Regulation.  In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.    In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods. | )  )  )  )  )  )  )  )  )  )  )  ) | Case No. 22-507-GA-AIR  Case No. 22-508-GA-ALT  Case No. 22-509-GA-ATA  Case No. 22-510-GA-AAM |

**DIRECT TESTIMONY**

**OF**

**COLLEEN SHUTRUMP**

**On Behalf of**

**Office of the Ohio Consumers' Counsel**

*65 East State Street, Suite 700*

*Columbus, Ohio 43215*

**April 28, 2023**

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# INTRODUCTION AND BACKGROUND

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

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

Q2. Please briefly summarize your education and professional experience.

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

q3. what are your duties at THE OHIO CONSUMERS' COUNSEL?

***A3*.** I provide analytical support on energy resource planning issues impacting Ohio consumers' interests. I serve as the Analytical Department's lead analyst and policy advisor for the OCC on cases and issues relating to resource planning issues. That work includes such issues as customer-funded energy efficiency and demand side management programs. I was extensively involved in each of the 2016 electric energy efficiency portfolio cases of the four major Ohio electric utilities before the Public Utilities Commission of Ohio ("PUCO"). My involvement included providing testimony in the Dayton Power & Light[[1]](#footnote-2) (Case No. 16-0649-EL-POR) and Duke Energy Ohio[[2]](#footnote-3) (Case No. 16-0576-EL-POR) portfolio cases affecting consumers. I testified in the review of FirstEnergy’s 2014-2018 DSM rider, Case No. 17-2277-EL-RDR, affecting lost revenue charges to consumers.[[3]](#footnote-4) I also testified in Case No. 19-1940-GA-RDR (Columbia’s Demand Side Management rider adjustment) and in Vectren’s rate case, Case No. 18-0298-GE-AIR. I also participate in energy efficiency collaborative meetings for utility electric and gas programs.

Q4. what is the purpose of your testimony?

***A4.*** The purpose of my testimony is to address and support OCC’s position protecting residential consumers as it relates to low-income weatherization services for the natural gas consumers of Duke Energy Ohio (“Duke”). I will explain and support OCC’s Objection Nos. 18, 19, 20 and 21 to the Staff report.

# OCC’S OBJECTIONS TO THE PUCO STAFF’S REPORT

***Q5. WHAT ARE THE PUCO STAFF’S RECOMMENDATIONS IN ITS STAFF REPORT REGARDING A LOW-INCOME WEATHERIZATION PROGRAM FOR DUKE’S NATURAL GAS CONSUMERS?***

***A5.*** The PUCO Staff did not address the low-income weatherization program in its Staff Report.

Q6. what ARE DUKE’S RECOMMENDATIONS IN ITS APPLICATION REGARDING A LOW-INCOME WEATHERIZATION PROGRAM FOR ITS NATURAL GAS CONSUMERS?

A6. Duke proposed an increase of $45,603 per year in consumer funding for the program.[[4]](#footnote-5) Duke’s low-income weatherization program was approved by settlement in Case No. 12-1685-GA-AIR. The program is funded by consumers through base rates and by shareholders. The program is administered by people working cooperatively (“PWC”) and provides weatherization services to eligible low-income customers.

Q7. What are OCC’s objections to the staff report relating to dUKE’s low-income weatherization program?

***A7.***My testimony supports the following OCC Objections to the Staff Report:

**Objection No. 18: The Staff Report erred to consumers’ detriment by failing to recommend collecting $1,795,000 in funding for low-income weatherization programs through a rider, rather than from base rates.**

**Objection No. 19: The PUCO Staff failed to recommend extending shareholder contributions to low-income weatherization programs, to consumers’ detriment.**

**Objection No. 20: The PUCO Staff erred to consumers’ detriment by failing to require annual PUCO Staff review and audit of the low-income weatherization program.**

Q8. should DUKE’s shareholders (AND NOT SOLELY CONSUMERS) contribute TO funding The low-income weatherization program?

***A8.*** Yes. The offering of shareholder contributions that support the low-income weatherization program should help Duke address its environmental, social and governance (“ESG”) goals. Therefore, it is reasonable for utility shareholders to contribute to the meeting of ESG goals in such circumstances. Further, weatherization programs are not strictly necessary for the provision of utility service, so Duke shareholders should pay at least some of the program costs.

A similar issue was addressed by the PUCO in the recent Columbia Gas rate case. In that case, some parties contested a term in a settlement (signed by Columbia, the PUCO Staff, OCC, and others) that provided for low-income bill payment assistance to be provided through a combination of funds from shareholders and consumers. The PUCO ruled as follows:

Based upon the testimony of Mr. Sarver and Ms. Peoples, we find that funds for the proposed bill payment assistance program should not be recovered through Rider DSM, which should exclusively recover funds for DSM programs. *Instead, we will modify the Stipulation to provide that the entire $3.5 million for the bill payment assistance program be provided by Columbia, with no recovery from ratepayers, rather than the $2.3 million proposed by the Stipulation*.[[5]](#footnote-6)

While the low-income DSM program in the Columbia case was funded solely by consumers, The PUCO’s ruling meant that the low-income bill-payment assistance program would be funded solely by shareholders. There are other cases in which the PUCO has approved shareholder funding for utility programs.[[6]](#footnote-7)

In this regard, there are various sources for funding low-income weatherization programs. Consumers, with their limited finances, are a source. But consumers should represent just one source of funding for low-income weatherization services. Other sources are tax revenues, such as for the Low-Income Home Energy Assistance Program (“LIHEAP”) and the Home Weatherization Assistance Program (“HWAP”).

And shareholders should be a source of funds for utility low-income programs. Duke’s shareholders should always be among the sources of funding for programs such as those that PWC provides for helping at-risk people.

Indeed, the PUCO should transition from rate cases to generic-type cases for resolving funding issues for at-risk consumer programs. That’s because the programs are regularly needed by at-risk Ohioans. The programs therefore should have a predictable funding mechanism with continuing review that is not dependent on sometimes infrequent timing of rate cases.

Further, the low-income programs should not be made utility bargaining chips to garner support for utility rate increase settlements that lead to other rate increases to consumers. Those settlements include charges to consumers for costs that are separate and apart from the low-income programs.

Q9. WHY SHOULD CONSUMERS BE CHARGED THROUGH A RIDER INSTEAD OF IN BASE RATES FOR FUNDING THE low-income WEATHERIZATION program?

***A9.*** Generally, utility base rates without riders are preferable for charging the actual costs of providing utility service to consumers. But if the PUCO will make all consumers fund (subsidize) weatherization programs for discounted services to a small subset of consumers, then that is a situation where a rider is appropriate. I will explain.

Consumer-funded weatherization programs should have continuing regulatory oversight by the PUCO. That oversight is for protection of the general body of consumers who are made to fund the weatherization programs for the small subset of consumers. For this limited purpose, oversight of the weatherization program is better enabled through a rider. Such oversight includes (but is not limited to) a review and reconciliation of actual program expense for accuracy and reasonableness.

Q10. why is an audit by an independent auditor needed?

***A10.*** Consumers who are made to fund weatherization programs should be protected with an independent audit – for financial and reasonableness purposes. That audit should provide an objective and transparent review, for the public, of the use of consumers’ money in the funding of the weatherization programs. And an independent auditor can provide recommendations to improve programs, such as lowering administrative costs while maximizing the number of consumers that would benefit from weatherization services through lower bills.

An example is a matter involving Pike Natural Gas Company.[[7]](#footnote-8) There, the PUCO Staff’s audit showed that for more than half of the homes weatherized under Pike’s program, there were no reductions in natural gas usage by participating customers.[[8]](#footnote-9) The PUCO then terminated Pike’s low-income weatherization program.

Q11. Do you have a recommendation on audit scope?

***A11.*** Yes. The audit scope for Duke’s low-income weatherization program should include the following:

* 1. The program expenditures, including average and mean dollars expended per household and per property;
  2. Any administrative fees collected by Duke and the weatherization providers;
  3. Eligibility documentation for program applicants;
  4. Eligibility documentation for program applicants;
  5. Spending of the program budget or failure to spend the program budget;
  6. Prioritization, if appliable, of weatherization services;
  7. Accounting of expenses that relate directly to reducing gas usage by low-income consumers;
  8. The timeline of providing weatherization services;
  9. The impact of health and safety expenditures on the low-income weatherization program;
  10. The number and types of properties (*e.g.* owner-occupied, rental, etc.) that receive weatherization funding;
  11. Compliance with program guidelines, include determining eligibility of program recipients and, if applicable, limitations on funding; and
  12. To the extent Duke knows, identifying any rental properties sold or converted by the property owner to non-low-income properties within two years of receiving weatherization program services to that property.

Q12. Why should there be parameters for low-income weatherization PROGRAMS AND CHARGES TO CONSUMERS?

***A12.*** There should be a sensitivity to how effectively consumer dollars, being money collected from consumers to fund the programs, are being spent to deliver the benefits of weatherization for at-risk consumers.Funds from charges to utility consumers for weatherization programs should relate to services that will reduce natural gas usage and the at-risk consumers’ natural gas bills.

# CONCLUSION

Q13. Does this conclude your testimony?

***A13.*** Yes. However, I reserve the right to supplement my testimony if additional testimony is filed, or if new information or data in connection with this proceeding becomes available.

**CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing Direct Testimony of Colleen Shutrump on Behalf of the Office of the Ohio Consumers’ Counsel has been served electronically this 28th day of April 2023.

*/s/ William J. Michael*

William J. Michael

Assistant Consumers’ Counsel

The PUCO’s e-filing system will electronically serve notice of the filing of this document on the following parties:

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1. Direct Testimony of Colleen Shutrump (January 30, 2017), *In re* *the Application of the Dayton Power and Light Company for Approval of its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2017 Through 2019*, Case No. 16-649-EL-POR. [↑](#footnote-ref-2)
2. Direct Testimony of Colleen Shutrump (February 6, 2017) *In re* *the Application of Duke Energy Ohio, Inc. for Approval of its Energy Efficiency and Peak Demand Reduction Portfolio of Programs*, Case No. 16-576-EL-POR. [↑](#footnote-ref-3)
3. Direct Testimony of Colleen Shutrump (June 22, 2020) *In re the Matter of the 2018 Review of the Demand Side Management and Energy Efficiency Rider of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2277-EL-RDR. [↑](#footnote-ref-4)
4. Application Volume 1, Schedule C. [↑](#footnote-ref-5)
5. *In the Matter of the Application of Columbia Gas of Ohio, Inc. to Increase Rates and Charges for Gas Service*, Case No. 21-637-GA-AIR at 67 (January 26, 2023). (Emphasis added.) [↑](#footnote-ref-6)
6. *See* *also In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Natural Gas Distribution Rates*, Case No. 12-1685-GA-AIR, Opinion and Order (November 13, 2013) at 16 (Duke agrees to provide People Working Cooperatively $350,000 per year through shareholder contributions to be used for low-income weatherization in Duke’s service territory); *In the Matter of the Application of the Dayton Power and Light Company for Approval of its Plan to Modernize its Distribution Grid*, Case No. 18-1875-EL-GRD, Opinion and Order (June 2, 2021) at 18 (DP&L agrees to provide $450,000 annually, funded with shareholder dollars, for smart thermostats); *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case No. 08-917-EL-SSO, Opinion and Order (March 18, 2009) at 47-48 (AEP agrees to minimum $15 million over three-year period in shareholder funding for the Partnership with Ohio fund, which provides assistance to low-income consumers, “including energy efficiency programs”). [↑](#footnote-ref-7)
7. Entry (September 26, 2019) Case No. 19-1456-GA-RDR. [↑](#footnote-ref-8)
8. *See id.* [↑](#footnote-ref-9)