***\_\_\_\_\_\_\_\_\_***

***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 |

**TESTIMONY OF**

**COLLEEN SHUTRUMP**

**FOR CONSUMER PROTECTIONS**

**IN OPPOSITION TO THE STIPULATION AND RECOMMENDATION**

**On Behalf of the**

**Office of the Ohio Consumers' Counsel**

*65 East State Street, Suite 700*

*Columbus, Ohio 43215*

**May 12, 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 for over thirteen 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. 16-649-EL-POR) and Duke Energy Ohio[[2]](#footnote-3) (Case No. 16-576-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 the PUCO's three-prong test for evaluating settlements as it relates to funding for low-income weatherization programs included in the settlement filed April 28, 2023, in this case (the "Settlement").

***Q5. What are your conclusions and recommendations?***

***A5.*** I conclude that the Settlement fails the second prong of the PUCO's test for settlements because the funding for low-income weatherization programs under the Settlement does not benefit consumers or the public interest. I recommend that the PUCO deny Duke’s request to approve the settlement.

Q6. what does the puco consider when evaluating settlements?

***A6.*** The PUCO uses the following three-prong test for evaluating the reasonableness of a proposed settlement:[[4]](#footnote-5)

1. Is the settlement a product of serious bargaining among capable, knowledgeable parties? In this regard, the PUCO sometimes considers whether the signatory parties to the settlement have diverse interests.[[5]](#footnote-6)
2. Does the settlement, as a package, benefit consumers and the public interest?
3. Does the settlement package violate any important regulatory principle or practice?

# THE SETTLEMENT DOES NOT BENEFIT CUSTOMERS OR THE PUBLIC INTEREST

Q7. DO YOU BELIEVE THAT THE SETTLEMENT as it relates to funding for low-income weatherization programs BENEFITS CONSUMERS AND THE PUBLIC INTEREST?

***A7.*** No. The Settlement does not benefit consumers or the public interest because:

1. At-risk consumers will receive $150,000 less in annual funding from shareholders for low-income weatherization.
2. Funding for low-income weatherization should be considered in a generic case for adequate consumer protections. It should not be used as a bargaining chip to obtain signatures on a Settlement in this (or any other) ratemaking proceeding.
3. Base-rate funding for low-income weatherization programs does not adequately protect consumers. More PUCO oversight is necessary. Funding for low-income weatherization programs should be through a rider.

Q8. please explain why at risk consumers will receive a reduction in benefits from duke’s low-income WEATHERIZATION program.

***A8.*** First, Duke’s shareholders should always be among the sources of funding for programs such as those that People Working Cooperatively (“PWC”) provides for helping at-risk people. Weatherization programs are not strictly necessary for the provision of utility service, so Duke shareholders should pay at least some of the program costs. Under the proposed Settlement, annual shareholder contributions for low-income weatherization programs are reduced from the current $350,000[[6]](#footnote-7) to $200,000. But consumer contributions to the same program are maintained at $1,795,000 annually.[[7]](#footnote-8) Through this reduction in shareholder contributions for low-income weatherization programs, the proposed Settlement provides gives money back to shareholders at the detriment of low-income consumers.

This point is further demonstrated because Duke and its shareholders benefit from an annual revenue increase of $31.7 million proposed by the Settlement.[[8]](#footnote-9) It is not reasonable or in the public interest for a settlement to decrease benefits for low-income consumers and increases benefits (through revenue increases) for shareholders.

Q9. why would a generic case to address low-income weatherization funding benefit consumers?

***A9.*** The programs and the usage-reducing benefits 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. The Settlement does not provide these important consumer protections.

Further, 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.

Q10. does base-rate funding of low-income weatherization programs provide adequate oversight by the puco?

***A10.*** No. 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 this is a situation where a rider is appropriate. PUCO 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.

Q11. is there any additional oversight needed for duke’s low-income weatherizatIon program that would affect the public interest?

***A11.*** Yes. An independent audit of low-income weatherization programs protects consumers that pay for these programs and the at-risk consumers that participate in these programs. I will explain.

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.

One example that demonstrates protections needed for consumers that fund these programs and consumers that participate in these programs is a matter involving Pike Natural Gas Company.[[9]](#footnote-10) 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.[[10]](#footnote-11) The PUCO then terminated Pike’s low-income weatherization program.

Q12. Do you have a recommendation on audit scope?

***A12.*** 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.

Q13. Why should there be parameters for low-income weatherization PROGRAMS AND CHARGES TO CONSUMERS?

***A13.*** There should be a sensitivity to how effectively consumer dollars(i.e., 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

Q14. Does this conclude your testimony?

***A14.*** 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 Testimony for Consumer Protections in Opposition to the Stipulation and Recommendation of Colleen Shutrumphas been served electronically this 12th day of May 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 (Jan. 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 (Feb. 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. *Consumers' Counsel v. PUCO*, 64 Ohio St.3d 123, 125 (1992). [↑](#footnote-ref-5)
5. *See, e.g., In re Application of Columbus S. Power Co. & Ohio Power Co.*, Case No. 11-351-EL-AIR, Opinion and Order at 9 (Dec. 14, 2011); *In re Application of the Dayton Power & Light Co.*, Case No. 14-563-EL-RDR, Opinion and Order at 5 (Sept. 9, 2015); *In re Application of the Columbus S. Power Co. & Ohio Power Co.*, Case No. 05-376-EL-UNC, Order on Remand at 11 (Feb. 11, 2015). [↑](#footnote-ref-6)
6. Opinion and Order, Case No. 12-1685-GA-AIR at 16 (Nov. 13, 2013). [↑](#footnote-ref-7)
7. Settlement at 13. [↑](#footnote-ref-8)
8. Settlement at 3. [↑](#footnote-ref-9)
9. Entry (Sept. 26, 2019), Case No. 19-1456-GA-RDR. [↑](#footnote-ref-10)
10. *See id.* [↑](#footnote-ref-11)