

FILE

8
RECEIVED-DOCKETING DIV

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

2009 JUL 15 PM 5:19

PUCO

**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio for Authority to Increase Rates
for its Gas Distribution Service**

Case No. 07-829-GA-AIR

**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio For Approval of an Alternative
Rate Plan for Its Gas Distribution Service**

Case No. 07-830-GA-ALT

**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio For Approval to Change
Accounting Methods**

Case No. 07-831-GA-AAM

**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio for Approval of Tariffs to
Recover Certain Costs Associated with a
Pipeline Infrastructure Replacement
Program Through an Automatic
Adjustment Clause, And for Certain
Accounting Treatment**

Case No. 08-169-GA-ALT

**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio For Approval of Tariffs to
Recover Certain Costs Associated with
Automated Meter Reading and for Certain
Accounting Treatment**

Case No. 06-1453-GA-UNC

**REPORT OF THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO
DEMAND SIDE MANAGEMENT COLLABORATIVE IDENTIFYING THE
ECONOMIC AND ACHIEVABLE POTENTIAL FOR ENERGY EFFICIENCY
IMPROVEMENTS AND PROGRAM DESIGNS**

**This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician SW Date Processed JUL 16 2009**

On October 15, 2008, the Commission approved a Stipulation and Recommendation ("Stipulation") in this case resolving many issues, including the annual level of demand side management ("DSM") expenditures by The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO"). Stipulation at 4-5; Opinion and Order at 22-23. The Stipulation provides for annual DSM expenditures of \$9.5 million. This represents a \$6 million increase over the DSM expenditures of \$3.5 million previously funded through DEO's distribution base rates and shareholder contributions. The Commission also approved recovery of \$4 million of those DSM expenditures through a DSM Rider with the remainder to be recovered in base rates. In order to establish evaluation and selection processes for DSM programs, DEO agreed to convene a collaborative consisting of DEO, Staff, the Office of the Ohio Consumers' Counsel ("OCC"), Ohio Partners for Affordable Energy ("OPAE"), the Ohio Department of Development Office of Community Services and other parties (the "Collaborative"). *Id.* The Commission directed the Collaborative to file a report "identifying the economic and achievable potential for energy efficiency improvements and program designs to implement further reasonable and prudent improvements in energy efficiency." Opinion and Order at 23. This filing constitutes that report.

DEO convened the first Collaborative meeting on December 10, 2008. The Collaborative has held periodic meetings since that time. The most recent Collaborative meeting was held at the Commission's offices on June 10, 2009. The meetings have been attended by DEO, Staff, OCC, OPAE, Cleveland Housing Network ("CHN"), the City of Cleveland, Cuyahoga County, Stand Energy Corp., IGS, Empowerment Center of Greater Cleveland, Neighborhood Environmental Coalition, Summit County, and the Gas Workers' Union.

The Collaborative's initial discussions resulted in a contract between DEO and CHN, signed April 6, 2009. The contract will implement a low-income weatherization program funded

by DEO at \$6.5 million annually during 2009 and 2010. The weatherization program will be available to customers with income up to 200% of poverty level, residing in DEO's service territory, and with natural gas as their primary heating source.

CHN will be the provider of the weatherization program. CHN will maintain a database of the eligible customers receiving weatherization service and the services performed for each customer. CHN will also be responsible for training the inspectors and service providers to comply with all of the regulatory standards necessary to provide a safe and effective weatherization service.

The weatherization service will consist of three basic parts. Each participating customer will receive an initial inspection. The initial inspection will be a safety and energy analysis of all the natural gas heating, cooking, and hot water systems. Inspectors will check for gas leaks, inspect the venting system, electrical service, and internal components of the natural gas systems. Inspectors will also measure the temperature at the heat supply and return plenums, inspect the heating system controls, check for carbon monoxide levels, inspect the distribution system, and check each system to ensure compliance with the applicable operational and safety standards. Further, the inspectors will check the dwelling unit for air leakage, insulation, and hazards including moisture problems. An inspection report will be prepared, and safety and weatherization options will be explained to the customer.

Next, if applicable, work will begin to remedy any safety issues and code violations identified during the initial inspection. Once the safety and code issues have been resolved, CHN may provide any weatherization assistance deemed cost effective under the provisions of the Home Weatherization Assistance Program ("HWAP") pursuant to the Ohio Weatherization Program Standards ("WPS"). The contractors will be required to obtain all work permits. The

weatherization work will be required to be performed in compliance with local code, WPS, and Housewarming Technical Bulletins. All weatherization work will be required to be coordinated with HWAP to obtain the maximum amount of funds for each customer.

Upon completion of the work, there will be a final inspection. Heating unit work, performed to remedy any safety issues, will be required to be inspected to verify that there are no gas leaks or improper carbon monoxide levels in the home, and that all units are working within applicable technical standards and comply with applicable codes. The weatherization work will also be required to be inspected to ensure that the work has been performed in accordance with WPS and utilized proper materials.

It is the consensus of the collaborative that the weatherization program was designed in accordance with the Commission's DSM criteria listed in its October 15, 2008 Order. Specifically, the Commission ordered that the Collaborative design programs "that are cost effective, produce demonstrable benefits, and produce a reasonable balance between reducing total costs and minimizing impacts on non-participants and [sic] are consistent with Ohio's economic and energy policy objectives." The weatherization program has started and will be reviewed by the Collaborative prior to the end of its contract, December 31, 2010.

The Collaborative is discussing the most effective way to spend the remaining \$3 million annually not included in the low-income weatherization program. The Collaborative discussed the possibility of a new homes program, but rejected those options given the low number of housing starts in DEO's service territory and the substantial need present in the existing home retrofit market.

The recent discussions at the Collaborative have focused on a review of the Home Performance with Energy Star program as a joint electric and gas DSM program. The

Collaborative is exploring a joint program between DEO and the FirstEnergy Operating Companies. Such a program would be the first of its kind in Ohio between unaffiliated utilities. Discussions between and among the FirstEnergy and DEO collaboratives are well under way. The Collaborative is targeting to initiate such a program sometime this year. The proposed program features a home inspection and rebates for recommended home repairs. GoodCents currently administers a similar program for FirstEnergy. It also administered a similar program for Duke Energy Ohio approved by the Commission in Case No. 06-91-EL-UNC *et al*, known as Home Energy House Call. Columbia Gas of Ohio also operates a similar program called Home Performance Program, approved by the Commission in Case No. 08-833-GA-UNC.

The Collaborative is discussing as-yet unresolved issues related to this program. Among those issues are two that arise because the service territories of DEO and the FirstEnergy Operating Companies are not identical. Specifically, the Collaborative is discussing how to allocate energy benefits among the utilities and how to allocate funds over DEO's service territory. The Collaborative is also discussing whether to adjust potential rebates offered under the programs based upon the customer's income level, the number of measures adopted by the customer or other factors encouraging a comprehensive adoption of weatherization services.

At the conclusion of the Collaborative's discussions, it will file an additional report in these dockets with the Commission. The report will describe any new program adopted by the Collaborative, including Home Performance with Energy Star. If the Collaborative is unable to agree on a program the report will explain the nature of the unresolved issue(s).

CONCLUSION

The Collaborative has made significant progress toward program implementation in a short period of time. More than two thirds of the funds have been allocated to the weatherization

program. That program is underway. The collaborative has made similar progress toward an economic and efficient use of the remaining funds through a well-tested nationally-known program. The collaborative hopes to move forward to implement Home Performance with Energy Star in the near future and will file a supplemental report describing its agreed-upon programs prior to implementation.

Respectfully submitted,



David A. Kutik (Reg. No. 0006418)

E-mail: dakutik@jonesday.com

(Counsel of Record)

JONES DAY

North Point

901 Lakeside Avenue

Cleveland, Ohio 44114

Telephone: 216-586-3939

Facsimile: 216-579-0212

Paul A. Colbert (Reg. No. 0058582)

E-mail: pacolbert@jonesday.com

Grant W. Garber (Reg. No. 0079541)

E-mail: gwggarber@jonesday.com

JONES DAY

Mailing Address:

P.O. Box 165017

Columbus, Ohio 43216-5017

Street Address:

325 John H. McConnell Blvd., Suite 600

Columbus, Ohio 43215-2673

Telephone: 614-469-3939

Facsimile: 614-461-4198

COUNSEL FOR THE EAST OHIO GAS
COMPANY D/B/A DOMINION EAST OHIO

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was delivered to the following persons by electronic mail this 15th day of July, 2009.



An Attorney for The East Ohio Gas Company
d/b/a Dominion East Ohio

Interstate Gas Supply, Inc.
John Bentine, Esq.
Mark Yurick, Esq.
Chester, Wilcox & Saxbe LLP
65 East State Street, Suite 1000
Columbus, OH 43215-4213
jbentine@cswlaw.com
myurick@cswlaw.com

Office of the Ohio Consumers' Counsel
Joseph Serio, Esq.
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
serio@occ.state.oh.us

Ohio Partners for Affordable Energy
David Rinebolt, Esq.
P.O. Box 1793
Findlay, OH 45839-1793
drinebolt@aol.com

UWUA Local G555
Todd M. Smith, Esq.
Schwarzwald & McNair LLP
616 Penton Media Building
1300 East Ninth Street
Cleveland, Ohio 44114
tsmith@smcnlaw.com

The Neighborhood Environmental Coalition,
The Empowerment Center of Greater
Cleveland, The Cleveland Housing Network,
and The Consumers for Fair Utility Rates
Joseph Meissner, Esq.
The Legal Aid Society of Cleveland
1223 West 6th Street
Cleveland, OH 44113
jpmeissn@lasclev.org

Dominion Retail
Barth E. Royer
33 South Grant Avenue
Columbus, OH 43215-3927
barthroyer@aol.com

Stand Energy Corporation
John M. Dosker, Esq.
General Counsel
1077 Celestial Street, Suite 110
Cincinnati, OH 45202-1629
jdosker@stand-energy.com

Integrays Energy Services, Inc.
M. Howard Petricoff
Stephen M. Howard
VORYS, SATER, SEYMOUR AND PEASE
LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
mhpetricoff@vorys.com

The Ohio Oil & Gas Association
W. Jonathan Airey
VORYS, SATER, SEYMOUR AND PEASE
LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
wjairey@vssp.com

Stephen Reilly
Anne Hammerstein
Office of the Ohio Attorney General
Public Utilities Section
180 East Broad Street, 9th Floor
Columbus, Ohio 43215
stephen.reilly@puc.state.oh.us
anne.hammerstein@puc.state.oh.us

Robert Triozzi
City of Cleveland
Cleveland City Hall
601 Lakeside Avenue, Room 206
Cleveland, Ohio 44114-1077
RTriozzi@city.cleveland.oh.us
SBeeler@city.cleveland.oh.us