

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Columbia Gas of Ohio, Inc. for Approval	)	
of Demand Side Management Program for	)	Case No. 16-1309-GA-UNC
its Residential and Commercial	)	
Customers.	)	

In the Matter of the Application of	)	
Columbia Gas of Ohio, Inc. for Approval	)	Case No. 16-1310-GA-AAM
to Change Accounting Methods.	)	

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**MOTION TO INTERVENE  
BY  
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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The Office of the Ohio Consumers' Counsel ("OCC") moves to intervene in this case where the utility seeks approval of its demand side management programs (the "DSM Portfolio") that may provide some customers with energy efficiency savings but collectively cost consumers more than \$200 million over the next six years (approximately \$156 per customer) to subsidize the program.<sup>1</sup> OCC files this motion on behalf of the 1.4 million residential natural gas customers of Columbia Gas of Ohio, Inc. ("Columbia" or the "Utility").<sup>2</sup> The Public Utilities Commission of Ohio ("PUCO") should grant OCC's motion for the reasons set forth in the attached memorandum in support.

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<sup>1</sup> See Application of Columbia Gas of Ohio, Inc. to Continue its Demand Side Management Program (the "Application"), Appendix B, Table 3, Case No. 16-1309-GA-UNC (June 10, 2016).

<sup>2</sup> See R.C. Chapter 4911; R.C. 4903.221; Ohio Adm. Code 4901-1-11.

Respectfully submitted,

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OHIO CONSUMERS' COUNSEL

/s/ Christopher Healey

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**MEMORANDUM IN SUPPORT**

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This case relates to Columbia's proposal for a six-year DSM Portfolio for the years 2017 to 2022. If approved, the proposed DSM Portfolio would require customers to pay \$203.6 million in program costs (\$34 million per year) to Columbia, plus pay up to \$10 million (post-tax) for utility profits.<sup>3</sup> The typical residential customer would subsidize the DSM Portfolio in the amount of approximately \$26 per year for six years(\$156 total per customer). Of the \$26 in payments per year, over \$21 per year would be paid for Columbia's DSM Portfolio through Rider DSM.<sup>4</sup> Additionally, the average residential customer is paying nearly \$5 per year in Columbia's base rates for a portion of the DSM Portfolio that assists low-income customers.<sup>5</sup>

Ohio law authorizes OCC to represent the interests of all of Columbia's 1.4 million residential natural gas customers.<sup>6</sup> R.C. 4903.221 provides that any person "who

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<sup>3</sup> See Application, Appendix B, Table 3 (\$203,641,052 in program costs); Application § 3.5 (profit cap of \$10 million "grossed up for taxes").

<sup>4</sup> Based on typical annual usage of 95 MCF at the DSM Rider rate of \$0.2220 per MCF.

<sup>5</sup> Based on \$7.1 million in base rates for the low-income program and approximately 1.5 million customers.

<sup>6</sup> See R.C. Chapter 4911.

may be adversely affected" by a PUCO proceeding is entitled to intervene in that proceeding. The interests of Ohio's residential consumers may be adversely affected by this case because the DSM Portfolio will cost consumers hundreds of millions of dollars in program costs and Utility profits over the course of six years. Thus, this element of the intervention standard in R.C. 4903.221 is satisfied.

R.C. 4903.221(B) requires the PUCO to consider the following criteria in ruling on motions to intervene:

- (1) The nature and extent of the prospective intervenor's interest;
- (2) The legal position advanced by the prospective intervenor and its probable relation to the merits of the case;
- (3) Whether the intervention by the prospective intervenor will unduly prolong or delay the proceeding; and
- (4) Whether the prospective intervenor will significantly contribute to the full development and equitable resolution of the factual issues.

First, the nature and extent of OCC's interest is representing Columbia's residential consumers. This interest is different from that of any other party and especially different than that of the Utility, whose advocacy includes the financial interest of stockholders.

Second, OCC's legal position will include (without limitation) that utility rates charged to consumers should be just and reasonable.<sup>7</sup> OCC is concerned that, among other things, the Utility's proposed \$203.6 million in program costs is too much money for consumers to subsidize, particularly at a time when natural gas prices are at historic

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<sup>7</sup> See R.C. 4905.22 ("All charges made or demanded for any service rendered, or to be rendered, shall be just, reasonable, and not more than the charges allowed by law or by order of the public utilities commission . . .").

lows and are projected to remain relatively low through the year 2040.<sup>8</sup> In a 2006 case, the PUCO Staff did not find it justifiable to charge consumers for natural gas DSM programs, and that was when natural gas prices were significantly higher than they are now.<sup>9</sup> At a time of lower natural gas prices, the avoided cost of natural gas saved through DSM programs (and therefore the savings for customers) is significantly less than when prices are higher. As referenced in the May 17, 2016 report by the U.S. Energy Information Administration, natural gas prices are projected to remain relatively low in the future, including the term of Columbia's proposed DSM Portfolio. OCC's position is therefore directly related to the merits of this case.

Third, OCC's intervention will not unduly prolong or delay the proceedings. OCC, with its longstanding expertise and experience in PUCO proceedings, will duly allow for the efficient processing of the case with consideration of the public interest.

Fourth, OCC's intervention will significantly contribute to the full development and equitable resolution of the factual issues. OCC will obtain and develop information that the PUCO should consider for equitably and lawfully deciding the case in the public interest.

OCC also satisfies the intervention criteria in the Ohio Administrative Code (which are subordinate to the criteria that OCC satisfies in the Ohio Revised Code). To intervene, a party should have a "real and substantial interest." *See* Ohio Adm. Code

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<sup>8</sup> *See* U.S. Energy Information Administration ("EIA"), Annual Energy Outlook 2016 Early Release (May 17, 2016) at page 50 (stating: "Natural gas prices are projected to remain below \$5 per million British thermal units through most of the projection period [through 2040] with or without the Clean Power Plan." A copy of page 50 of the EIA report is attached to this motion to intervene. The entire report is available at [http://www.eia.gov/forecasts/aeo/er/pdf/0383er\(2016\).pdf](http://www.eia.gov/forecasts/aeo/er/pdf/0383er(2016).pdf)).

<sup>9</sup> *See* PUCO Staff Testimony of Stephen Puican at 5-6, Case No. 05-1444-GA-UNC (Mar. 20, 2006) ("I don't believe charging customers for the cost of implementing natural gas DSM programs is justified. . . . There are minimal, if any, benefits to customers other than those that can participate in a particular DSM program.").

4901-1-11(A)(2). As the residential utility consumer advocate, OCC has a real and substantial interest in this case in which the PUCO will consider whether to continue natural gas DSM programs where consumers would be charged for program costs and utility profits and at what amount consumers should be required to pay as just and reasonable.

In addition, OCC meets the criteria of Ohio Adm. Code 4901-1-11(B)(1)-(4). These criteria mirror the statutory criteria in R.C. 4903.221(B), which OCC already has addressed and which OCC satisfies.

Ohio Adm. Code 4901-1-11(B)(5) states that the PUCO shall consider the "extent to which the person's interest is represented by existing parties." Although OCC does not concede that the PUCO must consider this factor, OCC satisfies it because OCC has been uniquely designated as the state representative of the interests of Ohio's residential utility consumers. That interest is different from, and not represented by, any other entity in Ohio.

Moreover, in deciding two consolidated appeals regarding OCC's right to intervene, the Supreme Court of Ohio has confirmed that "intervention ought to be liberally allowed."<sup>10</sup> In those cases, OCC explained in its motion to intervene that the proceeding could negatively impact residential consumers, and OCC established that the interests of consumers would not be represented by existing parties.<sup>11</sup> Because there was no evidence disputing OCC's position, nor any evidence that OCC's intervention would

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<sup>10</sup> See *Ohio Consumers' Counsel v. Pub. Util. Comm.*, 111 Ohio St. 3d 384, 2006-Ohio-5853, ¶ 20 (2006).

<sup>11</sup> *Id.* ¶¶ 18-20.

unduly delay the proceedings, the Supreme Court found that the PUCO could not deny OCC the right to intervene.<sup>12</sup>

OCC meets the criteria set forth in R.C. 4903.221, Ohio Adm. Code 4901-1-11, and the precedent established by the Supreme Court of Ohio for intervention. On behalf of Ohio residential consumers, the PUCO should grant OCC's Motion to Intervene.

Respectfully submitted,

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OHIO CONSUMERS' COUNSEL

/s/ Christopher Healey

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<sup>12</sup> *Id.* ¶¶ 13-20.

## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of this Motion to Intervene was served on the persons stated below via electric transmission this 22nd day of June 2016.

/s/ Christopher Healey  
Christopher Healey  
Assistant Consumers' Counsel

## **SERVICE LIST**

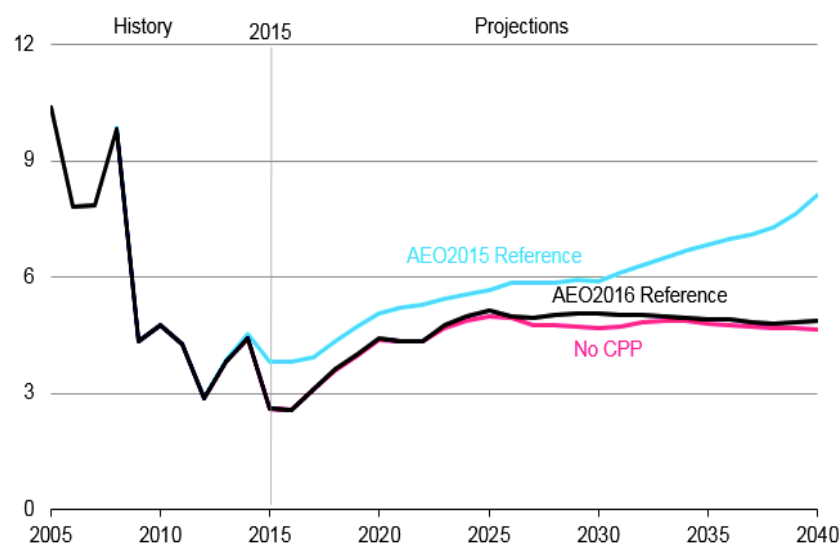
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## Natural gas prices are projected to remain below \$5 per million British thermal units through most of the projection period with or without the Clean Power Plan

average Henry Hub spot prices for natural gas  
2015 dollars per million Btu



Source: EIA, Annual Energy Outlook 2016

- The Henry Hub spot price for natural gas averaged \$2.62/million Btu in 2015, the lowest annual average price since 1995. Despite the low price in 2015, production gains continued as a result of abundant domestic resources and improved production technologies.
- U.S. natural gas prices are expected to rebound from 2015 levels, rising above \$4.40/million Btu by 2020 (an average increase of 11% annually).
- Growth in demand for natural gas, notably for liquefied natural gas (LNG) exports from projects that are already under construction, results in upward pressure on prices.
- Over 2020-40, production, end-use consumption in the industrial and electric power sectors, and exports of LNG are projected to increase. However, technology improvements, which result in drilling cost declines and increased recovery rates, allow productive capacity to keep pace with demand, resulting in stable prices throughout much of the projection.
- Average annual U.S. natural gas prices at the Henry Hub over 2022-40 are lower in the No CPP case than in the Reference case. The lower prices in the No CPP case reflect less demand for natural gas and higher use of coal to generate electricity.

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Summary: Motion Motion to Intervene by The Office of the Ohio Consumers' Counsel electronically filed by Ms. Jamie Williams on behalf of Healey, Christopher Mr.