

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Suburban Natural Gas Company for)	Case No. 18-0376-GA-RDR
Approval of an Energy Efficiency)	
Program (EEP) Pilot and Rider EEP Rate)	

**APPLICATION OF
SUBURBAN NATURAL GAS COMPANY
FOR APPROVAL OF AN
ENERGY EFFICIENCY PROGRAM PILOT**

Pursuant to the Finding and Order of the Public Utilities Commission of Ohio (Commission) entered on November 1, 2017 in Case No. 17-594-GA-ALT, which approved the Alternative Rate Plan application of Suburban Natural Gas Company (Suburban), Suburban submits the following Application to implement a two-year Energy Efficiency Program (EEP) Pilot as directed in the Commission's Order at Paragraph 44, and establish an EEP Rider rate of \$.03594 per month for all Small General Service Customers receiving service under its General Service rate schedule. In support of this Application, Suburban states:

1. Suburban was ordered to "work with Staff and other interested stakeholders to establish an EEP pilot and proposed Rider EEP rate application to be filed by March 1, 2018 for the Commission's consideration." (Case No. 17-594-GA-ALT, Finding and Order at 12, ¶44). The deadline for filing was extended to March 15, 2018 by Entry issued on March 1, 2018 in the above-captioned proceeding.

2. Suburban solicited, received, and negotiated a proposal by the Ohio Partners for Affordable Energy (OPAE) for the administration of a weatherization program targeting PIPP and Graduate PIPP customers who Suburban serves in Delaware, Henry, Marion and Wood Counties.

OPAE would manage work performed by its Member Community Action Agencies in these counties, including health and safety audits for Suburban's PIPP and Graduate PIPP customers.

3. Upon receiving the OPAE proposal, Suburban engaged in constructive discussions with the Commission Staff, the Office of the Ohio Consumers' Counsel, OPAE, and representatives of the OPAE-member agencies that will implement Suburban's PIPP weatherization program. A revised OPAE proposal was agreed upon, which is attached hereto as Exhibit A. The EEP Pilot proposed in this Application is a result of those discussions. Commission Staff has expressed its support of this Application.

4. As part of the EEP Pilot, audits will be conducted. The audits will include: Safety checks and combustion analysis testing on each heating unit (including gas-fired hot water tanks); review gas-fired appliance ventilation to ensure NFPA compliance; draft (and backdraft) testing of each gas-fired appliance; check for gas leaks in and around all gas-fired appliances and test all gas piping in the home for leakage; check for carbon monoxide production by any gas-fired appliance; and ductwork/distribution system inspection as applicable.

5. Available program measures for the EEP Pilot will include: cleaning/tune up of each gas-fired heating appliance and, if needed, repairs and adjustments; gas furnaces with a defective heat exchanger or that operate under 75% efficiency would be replaced with a 90%+ efficiency unit; replacement of leaking or malfunctioning gas-fired hot water tanks; elimination of gas leaks; repairs to ensure proper ventilation and draft of all gas-fired appliances; and ductwork/distribution system repair and sealing as applicable.

6. For high-use PIPP and Graduate PIPP customers, an additional shell audit will be conducted to determine appropriate insulation, air-sealing and ventilation measures. Depending on the usage and desired program outcomes, the audit will consist of: a visual inspection of the

attic, wall and crawlspace areas for potential insulation retrofits and potential or existing moisture problems; blower door testing to determine air leakage opportunities and potential moisture problems. Retrofits may include the following: attic, wall and crawlspace insulation upgraded to code; air sealing between conditioned and unconditioned spaces; and installation of appropriate ventilation to prevent or resolve moisture issues.

7. As reflected in Exhibit A, OP&E's experience is that comprehensive weatherization of a high-usage dwelling on a stand-alone basis is approximately \$6,500.00. To the extent the weatherization can be completed in tandem with and leveraging other government-funded programs by the OP&E-member agencies, the cost can be reduced to \$3,000.00. OP&E estimates that its member agencies can accommodate 12-14 of Suburban's EEP projects annually, and that half will require comprehensive weatherization measures.

8. It is projected that annual program costs will approximate \$70,000.00. In order to fund the EEP Pilot Rider to meet that estimated level of cost, Suburban proposes an initial monthly EEP Rider rate of \$0.3594. Currently, there are 17,000 Small General Service customers who would be subject to the rider charge. Over the initial twelve months of the EEP Pilot, this would generate \$70,000 of funding for the EEP Pilot. (See Revenue Requirement calculation, which is attached hereto as Exhibit B). Suburban will advance \$10,000 to OP&E for initial administrative expenses upon approval of this Application. It is proposed that EEP audits and subsequent weatherization projects will commence when the revenue generated from the EEP Rider equals \$30,000.00 (i.e., commencing with the beginning of the third month of collection of the revenue associated with the EEP Rider.)

9. The EEP Rider will be subject to an annual reconciliation and prudence review by Staff based on actual incurred program costs. The EEP Rider will be adjusted accordingly to reflect over-collection or under-collection of the established revenue requirement. Suburban proposes that the annual reconciliation filing be due on the first business day of the third month after the first complete twelve months of the program, and the first business day of the third month after each successive twelve months of operation of the program. The annual reconciliation filing will include a discussion of the projects undertaken, project measures, and the nature of the savings with each measure.

10. A proposed redline and clean Energy Efficiency Program Rider tariff sheet, Section V, Forty-Third Revised Sheet No. 3, is attached hereto as Exhibit C.

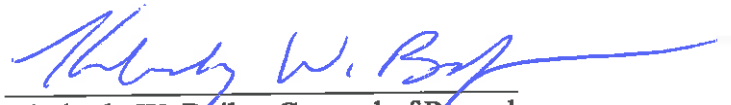
WHEREFORE, Suburban Natural Gas Company respectfully asks that the Commission:

- (a) Approve the EEP Pilot proposed in this Application;
- (b) Approve the revised EEP Rider rate and tariff as set forth in Section V, Forty-Third

Revised Sheet No. 3; and

- (c) Authorize the filing of Section V, Forty-Third Revised Sheet No. 3 to be effective upon the date of filing.

Respectfully submitted,



Kimberly W. Bojko, Counsel of Record

David J. Barthel

CARPENTER LIPPS & LELAND LLP

280 Plaza, Suite 1300

280 North High Street

Columbus, OH 43215

(614) 365-4100

bojko@carpenterlipps.com

Barthel@carpenterlipps.com

(willing to accept service by e-mail)

Attorneys for Suburban Natural Gas
Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Application and Exhibits were served upon the following persons by electronic mail this 15 day of March, 2018.



Kimberly W. Bojko

Werner.margard@ohioattorneygeneral.gov
Kevin.moore@occ.ohio.gov

Ohio Partners for Affordable Energy

P.O. Box 1793
Findlay OH 45839-1793
419. 425.8860
www.ohiopartners.org

Joseph Devany, Chair
Ohio Heartland C.A.C.

Terry Jacobs-Treasurer
W.S.O.S Community Action

David Shea
C.A.C. of Portage County

David Brightbill
CAP of Washington-Morgan
Counties

Phil Cole
Ohio Association of Community
Action Agencies

Nicole Peoples
Corporation for Ohio Appalachian
Development

Terry Boehm
LEADS

Michele Lucas
Harcatus Tri-County Community
Action Organization

Steve Sturgill
C.A.O. of Scioto County

Keith Pitts
CAC of Pike County

Monica Martello
Cleveland Housing Network

Josh Anderson
HHWP

Barry Strahorn
CAP-Dayton

Holly Miller
Summit Co. Dept. of
Development

Kelly Feeney
Northwestern Ohio CAC

Christopher J. Allwein
Executive Director & Counsel

John Sarver
Director of Operations

Cynthia S. Collins
Director of Finance

Collen Mooney
Counsel

March 13, 2018

Mr. Andrew J. Sonderman – President and Chief Operating Officer
Suburban Natural Gas Company
asonderman@sngo.com

RE: Second Revised Proposal for a Weatherization Program to Address Suburban High-Use PIPP customers in Delaware, Henry, Marion and Wood Counties.

Dear Mr. Sonderman,

Thank you for requesting a proposal from Ohio Partners for Affordable Energy ("OPAE") to address Suburban's high-use PIPP customers in the four counties listed above. As you know, OPAE currently administers similar programs for Northeastern, Pike and Eastern Natural Gas Companies in Ohio. OPAE members also deliver the Columbia Gas WarmChoice Program and the Dominion HouseWarming Program. OPAE would welcome the opportunity to provide services for Suburban's PIPP customers, employing its well-trained network to deliver the program to Suburban's customers. OPAE's proposal for Suburban is based on an analysis of the information provided by your company regarding Suburban's PIPP customers. This proposal contains revisions as requested from the original proposal dated January 16, 2018

Analysis:

The information provided contained usage information on 110 customers. Several of these did not have 12 months of usage. Suburban is interested in addressing high-use homes. A high user is defined by other natural gas utility programs as a customer using about or over 1,200 ccfs of natural gas per year, (depending the type of structure). The information showed 11 customers in 3 counties with usage at or over 1,200 ccfs (with two being within 3 ccfs). The information presented an additional 23 customers with usage between 800-1,200 ccfs, for which many weatherization or conservation programs employ limited measures, based on a home audit. These customer usage tiers can be modified based on the Company's desired program outcomes. OPAE also recommends that new PIPP customers be eligible to receive services.

Program Recommendations:

Gas Appliance/Safety Audits:

Based on the analysis of the information provided, OPAE would recommend an audit-based program providing gas appliance and health and safety audits available to all of Suburban's PIPP customers. The audits would be performed by OPAE-member agency personnel (individually BPI-certified to perform such audits). Each audit would consist of the following (a more detailed list and pricing would be provided upon Suburban's acceptance of this proposal):

- Safety checks and combustion analysis testing on each heating unit (including gas-fired hot water tanks);
- Review gas-fired appliance ventilation to ensure NFPA compliance;
- Perform draft (and backdraft) testing of each gas-fired appliance.
- Check for gas leaks in and around ALL gas-fired appliances and test all gas piping in the home for leakage.
- Check for carbon monoxide production by any gas-fired appliance.
- Ductwork/distribution system inspection as applicable.

Depending on the findings, the program would cover:

- A clean and tune of each gas-fired heating appliance if needed; repairs and adjustments;
- For gas-fired heating units, any appliance with a defective heat exchanger OR that operates under 75% efficiency would be replaced with a 90%+ unit.
- Leaking or malfunctioning gas-fired hot water tanks would be replaced.
- Eliminate (repair) any gas leaks found;
- Complete any necessary repairs to ensure proper ventilation and draft of all gas-fired appliances.
- Ductwork/distribution system repair and sealing as applicable.

All testing and measures would be performed by personnel or contractors certified to complete the specific work. Final testing to ensure code compliance, optimum gas-fired appliance operation and appropriate drafting would be performed after retrofits are completed and express documentation provided.

Weatherization/Occupant Safety/Comfort Audits:

For Suburban high-use customers, an additional shell audit would take place to determine appropriate insulation, air-sealing and ventilation measures. Depending the usage and Suburban's desired program outcomes, the audit would consist of:

- Visual inspection of attic, wall and crawlspace areas for potential insulation retrofits and potential or existing moisture problems;
- Blower door testing to determine air leakage opportunities and potential moisture problems.

Retrofits may include the following:

- Attic, wall and crawlspace insulation up to code;
- Air sealing of direct and indirect (between conditioned and unconditioned spaces).
- Installation of appropriate ventilation to prevent or resolve moisture issues.

Pricing:

Where possible, the Suburban program would be combined with other, similar programs to reduce the costs of the program to Suburban's customers. OPAE's suggested pricing, similar to what is currently received from other programs, is as follows:

Item:	Price for Appliance only	Price for Appliance and Weatherization:
Initial Audit:	\$400.00	No additional charge
Final Inspection:	\$250.00	\$400.00 (total)
Agency Fee:	10% of invoiced work	10% of invoiced work
OPAE Fee:	5% of total agency invoice	5% of total agency invoice

A pricelist can be provided for individual measures. Administrative agency fees would be 10% of the price of the total work performed on each home. An initial administrative payment of \$10,000.00 would be made to OPAE in order to commence the program upon approval. OPAE also recommends that Suburban allow for certain repairs that may be necessary prior to insulation work being performed (e.g., roof repair). OPAE administrative fees include providing aggregate billing to the company, monitoring work performed by member agencies, and publicizing Suburban as a funding source. OPAE can supply "success stories" to Suburban for use in publicizing the program.

Annual Estimate:

Estimating the costs of a new program can be difficult. In the proposal above, furnace replacements are approximately \$3,200.00. Hot Water tank replacement is approximately \$850-\$1,000, depending on where the tank is located and venting issues. Weatherization work on a stand-alone job is usually \$6,500.00 for comprehensive weatherization, reduced to \$3,000.00 if the job is combined with another program or programs. With the agreed upon annual budget, we would estimate that the three agencies would be able to incorporate 12-14 jobs per year, and that 3-6 of those would include weatherization measures. This is based on precedent set by previous, similar Ohio programs.

I look forward to discussing this with you and providing services on behalf of Suburban Natural Gas Company.

Chris Allwein – Executive Director – Ohio Partners for Affordable Energy.

**SUBURBAN NATURAL GAS COMPANY
ENERGY EFFICIENCY PROGRAM PILOT RIDER RATE
2018**

Line No.			
1	Estimated Number of Customers		17,000
2	Estimated Number of Monthly Bills		204,000
3	Estimated Annual Program Cost	\$	70,000
4	Gross Revenue Factor for Gross Receipts Tax		1.047500
5	Revenue Requirement (Line 3 X Line 4)	\$	73,325
6	Monthly Rider Rate (Line 5 / Line 2)	per Monthly bill	\$ 0.3594

Suburban Natural Gas Company
Cygnet, Ohio

Section V
Forty-Second Revised Sheet No. 3

ENERGY EFFICIENCY PROGRAM RIDER

APPLICABILITY:

Applicable to all Small General Service Customers.

DESCRIPTION:

An additional charge to fund the costs associated with the implementation of cost-effective weatherization measures made available to high usage residential Percentage of Income Plan Program (PIPP) customers served under the General Service (GS) Rate Schedule.

RATE:

A charge of ~~\$0.00~~ 0.3594 per month to be applied to GS rate schedule accounts.

This Rider is subject to reconciliation, including, but not limited to, increases or refunds, based upon the results of audits ordered by the Commission in accordance with the March X, 2018 Opinion and Order in Case No. 18-0376-GA-RDR.

Issued: ~~November 10, 2017~~ March X, 2018

Effective: ~~November 10, 2017~~ March X, 2018

Filed pursuant to the Opinion and Orders of the
Public Utilities Commission of Ohio in
Case No. 17-594-GA-ALT, dated November 1, 2017, and Case No. 18-0376-GA-RDR,
dated March X, 2018

ISSUED BY ANDREW J. SONDERMAN, PRESIDENT

ENERGY EFFICIENCY PROGRAM RIDER

APPLICABILITY:

Applicable to all Small General Service Customers.

DESCRIPTION:

An additional charge to fund the costs associated with the implementation of cost-effective weatherization measures made available to high usage residential Percentage of Income Plan Program (PIPP) customers served under the General Service (GS) Rate Schedule.

RATE:

A charge of \$ 0.3594 per month to be applied to GS rate schedule accounts.

This Rider is subject to reconciliation, including, but not limited to, increases or refunds, based upon the results of audits ordered by the Commission in accordance with the March X, 2018 Opinion and Order in Case No. 18-0376-GA-RDR.

Issued: March X, 2018

Effective: March X, 2018

Filed pursuant to the Opinion and Orders of the
Public Utilities Commission of Ohio in
Case No. 17-594-GA-ALT, dated November 1, 2017, and Case No. 18-0376-GA-RDR,
dated March X, 2018

ISSUED BY ANDREW J. SONDERMAN, PRESIDENT

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/15/2018 5:32:33 PM

in

Case No(s). 18-0376-GA-RDR

Summary: Application of Suburban Natural Gas Company for Approval of an Energy Efficiency Program Pilot electronically filed by Mr. Brian W Dressel on behalf of Suburban Natural Gas Company