

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Pike)	
Natural Gas Company for Approval of an)	Case No. 08-941-GA-ALT
Alternative Rate Plan Proposing a)	
Revenue Decoupling Mechanism.)	

**INITIAL COMMENTS OF PIKE NATURAL GAS COMPANY
REGARDING DSM**

I. INTRODUCTION

Pike Natural Gas Company presents these comments for the Commission's consideration regarding the use of accrued funds under its demand side management program. Pike recommends that the Commission continue the DSM program and reactivate the DSM rider. Pike's DSM program (which has resulted in the installation of energy efficient weatherization projects, benefitting primarily Pike's low-income customers) should be allowed to continue its intended goal for the customers' benefit.

Pike further recommends certain additional program requirements to ensure efficient and proper program operation going forward. Those requirements are:

- (1) Contributions from landlords or agreements to not raise rent;
- (2) Reimbursement of DSM funding for sold properties or properties converted to rental properties within 3 years;
- (3) Reporting on all available funding for a housing project prior to reimbursement using DSM funds; and
- (4) Detailed reporting on completed projects and notification to participating customers that funds were provided by Pike and its customers.

The DSM program in Pike's territory has been operating since 2010 with a designed collection of \$80,000 from ratepayers at \$0.95 per bill and an additional \$10,000 annually from shareholders. The program has resulted in significant expenditures and Pike sees no reason why the program should be discontinued or changed from its original purpose with the exception of the above requirements.

Pike believes, however, that the changes are necessary to ensure customers receiving the benefit of DSM funds do not use the program in a way that is contrary to its purpose. The requirements are also intended to ensure that ongoing record keeping and reporting to all parties involved (Pike, customers, and OPAE) ensure full awareness of how funds are being spent and that the DSM funds are being provided by Pike and its customers. If the Commission agrees, Pike would coordinate with OPAE to reactivate the DSM rider and to implement the above requirements in its DSM program as procedures to be followed.

II. BACKGROUND

Since 2010, Pike has had a demand side management rider at \$0.95 per bill intended to fund beneficial cost-effective energy efficiency programs for its residential and small commercial customers served under the General Service Rate Schedules (GSR and GSC). When approving the DSM rider in 2010, the Commission stated:

[T]he Commission has recognized that DSM program designs that are cost-effective, produce demonstrable benefits, and produce a reasonable balance between reducing total costs and minimizing impacts on non-participants are consistent with Ohio's economic and energy policy objectives. By initially focusing on the 30 highest-use PIPP customers, the DSM programs appear to be well-designed to significantly reduce usage by PIPP customers, thereby benefitting all customers by potentially lowering the long-term expenses associated with the companies' PIPP programs.

In 2017, Pike requested and the Commission granted a suspension of collections under the rider because the DSM program expenditures were not keeping pace with the dollars being collected through the DSM rider.¹ (Pike was accruing DSM funds faster than they were being used.)

Although the DSM program was discussed with the other parties in this proceeding (OPAE and Staff), a consensus was not reached on how best to proceed with the program. Pike estimates (subject to a reconciliation and accounting using information to be provided by OPAE, with whom Pike has coordinated its DSM program) that there is approximately \$75,183 in currently-held DSM funds.

On August 1, 2018, the Commission instructed parties to file comments by August 22, 2018, on how to proceed with the program. An extension was granted to August 29, 2018 to file comments.²

III. PIKE'S COMMENTS – CONTINUING THE DSM PROGRAM

Pike presents two comments for the Commission's consideration. First, Pike believes that the DSM program should continue as approved by the Commission at the currently approved rate of \$0.95 per bill. The current balance of the suspended rider is approximately \$75,183, which confirms that since the rider's inception in 2010 DSM funds have been distributed and used for projects in Pike's service areas. In fact, since the rider's inception, approximately \$567,567 in DSM funds have been collected, with \$492,384 used for projects. Given the Commission recognized benefits of a DSM program (see the quote above), Pike supports the continuance and reactivation of the DSM rider.

¹ Although collections ceased, the then-existing DSM programs continued.

² Pike is in discussions with OPAE but a resolution was not reached prior to the new comment deadline. Pike anticipates continuing discussions with OPAE.

Second, Pike believes that the DSM program will operate more efficiently and avoid unintended consequences with certain requirements added to the program. As discussed in the above introduction, Pike proposes that:

- (1) Prior to the start of a DSM-funded project at a property not owned by the Pike customer residing in the property, OPAE will obtain from the owner of the property as a condition of the project being funded with DSM monies, at least one of the following:
 - (a) An agreement from the owner not to raise the rent for the property for a minimum of 5 years; or
 - (b) A reasonable contribution to the costs of the project. This contribution may be in the form of cash or “sweat equity.”
- (2) Prior to start of a DSM-funded project involving a property owned by the Pike customer residing in the property, OPAE will obtain from the owner of the property as a condition of the project being funded with DSM monies an agreement that the property owner will reimburse the DSM funds if the property is either sold or converted to a rental property within 3 years.
- (3) Prior to the start of a DSM-funded project, OPAE will attempt in good faith to coordinate all other available funding sources, including other low-income customer assistance plans and other utility DSM programs, to assist in the funding of the costs of the project and report those efforts to Pike.
- (4) OPAE will provide the resident of the property being improved a breakdown of all improvements made and the costs of the improvements, the agreements entered into (no rent increase, full reimbursement if the property is sold or converted, etc.) and will provide documentation communicating to the resident that the improvements were provided by the generosity of Pike and its customers through the DSM program.

Pike proposes to implement the above requirements in coordination with OPAE as additional program procedures. Importantly, procedures conditioning weatherization improvements on certain commitments are not uncommon. For example, under the Department of Energy Weatherization Assistance Program, dwellings consisting of

rental units are subject to a commitment to not raise rent within a reasonable time period. See 10 CFR 440.22(b)(3). Likewise, for multifamily buildings, financial participation may be required when feasible. See 10 CFR 440.22(d).

As to reporting on available funding sources and project cost/improvements, good communications between OPAE, Pike and its customers will help the program move forward efficiently as well as provide timely and detailed information on the program's operation to Staff upon request. Lastly, Pike is willing to further discuss the above program requirements with OPAE and Staff to the extent either has improvements or suggestions to Pike's recommended additional procedures.

V. CONCLUSION

Pike's comments provide a reasonable path forward for continuing the DSM program in Pike's territory. Pike looks forward to continuing the DSM program for its low-income customers but in a manner that ensures that the program operates as intended with no unintended consequences – and with good reporting on implemented projects.

Respectfully submitted,

/s/ Michael J. Settineri

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's electronic filing system will electronically serve a copy of this Proposed Plan on all parties on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a true and accurate courtesy copy of the foregoing document is also being served (via electronic mail) on this 29th day of August 2018.

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Summary: Comments - Initial Comments Regarding DSM electronically filed by Mr. Michael J. Settineri on behalf of Pike Natural Gas Company