

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
PIKE NATURAL GAS COMPANY FOR
APPROVAL OF AN ALTERNATIVE RATE
PLAN PROPOSING A REVENUE
DECOUPLING MECHANISM.

CASE No. 08-941-GA-ALT

FINDING AND ORDER

Entered in the Journal on October 24, 2018

I. SUMMARY

{¶ 1} The Commission directs that Pike Natural Gas Company amend its demand-side management program, consistent with the Commission's directives in this Finding and Order, and that Staff conduct an audit of the DSM program and rider mechanism.

II. DISCUSSION

{¶ 2} Pike Natural Gas Company (Pike or Company) is a natural gas company, as defined in R.C. 4905.03, and a public utility, as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} On June 16, 2010, the Commission modified and approved Pike's amended application, consistent with a joint stipulation and recommendation (Stipulation), to advance the Company's rates toward a straight-fixed variable rate design and to implement an alternative rate plan to include a revenue decoupling mechanism with the adoption of a demand-side management (DSM) program and associated DSM rider. The DSM rider rate for Pike was designed to collect approximately \$80,000 annually from ratepayers, with an additional \$10,000 annually to be provided by shareholders. Pike's DSM rider rate for residential and commercial customers is \$0.95 per bill. The DSM program funds weatherization and weatherization-related home improvement repairs for the Company's highest demand, low-income Percentage of Income Payment Plan (PIPP) customers. *In re Pike Natural Gas Co.*, Case No. 08-941-GA-ALT, Opinion and Order (June 16, 2010).

{¶ 4} On May 31, 2017, Pike filed a motion to suspend the collection of its DSM rider, reasoning that, over the last several years, expenditures for the weatherization program had not kept pace with the revenues collected by the Company through the DSM rider.

{¶ 5} By Entry issued July 26, 2017, the Commission granted Pike's motion to suspend collection of the DSM rider but directed that Pike continue to provide DSM weatherization program services, until the Commission specifically ordered otherwise. Further, the Entry directed Pike, along with the remaining parties to this proceeding, Ohio Partners for Affordable Energy (OPAE)¹ and Staff, to discuss and evaluate the Company's DSM program, and established a procedural schedule for the filing of comments and reply comments to assist the Commission with its review of the program. Pursuant to the July 26, 2017 Entry, comments were due September 15, 2017, and reply comments were due September 29, 2017.

{¶ 6} On September 14, 2017, Pike filed a motion to indefinitely suspend the procedural schedule, which was granted by Entry issued September 15, 2017. The September 15, 2017 Entry directed the parties to notify the attorney examiner if they reached a consensus recommendation or an impasse and, otherwise, to inform the attorney examiner of their progress on December 1, 2017, and on the first of every month, or the subsequent business day, thereafter.

{¶ 7} As a result of the parties' lack of progress to develop a consensus proposal, on August 1, 2018, the Commission reinstituted the procedural schedule. To assist the Commission with its review of Pike's DSM program and rate mechanism, interested stakeholders were directed to file comments by August 22, 2018, and reply comments by September 5, 2018.

¹ OPAE, through its member agencies, is the administrator of the funds used to provide weatherization services under Pike's DSM program.

{¶ 8} By Entry issued August 23, 2018, the joint motion filed by Pike and OP&AE for an extension of time to file comments was granted, such that comments would be due on August 29, 2018, and reply comments would be due on September 12, 2018.

{¶ 9} On August 29, 2018, Pike and OP&AE filed separate initial comments and, on September 12, 2018, Pike and OP&AE filed joint reply comments revising Pike's initial comments.

{¶ 10} In their joint reply comments, Pike and OP&AE propose that:

- (a) Prior to the start of a DSM-funded project, at a property not owned by the Pike customer residing in the property, OP&AE 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:
 - (1) An agreement from the owner not to raise the rent for the property for a minimum of three years; or
 - (2) A reasonable contribution to the costs of the project, as negotiated by the OP&AE member agency. This contribution may be in the form of cash or "sweat equity."
- (b) Prior to the start of a DSM-funded project involving a property owned by the Pike customer residing in the property, OP&AE 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 three years.
- (c) Prior to the start of a DSM-funded project, OP&AE 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.

- (d) 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 documentation communicating to the resident that the improvements were provided by the generosity of Pike and its customers through the DSM program.

{¶ 11} The Commission finds the joint recommendations of Pike and OPAE to be reasonable. The recommendations of Pike and OPAE serve to balance the benefits and responsibilities of the DSM program for program recipients and all Pike customers and, therefore, should be adopted.

{¶ 12} The Commission reminds Pike and OPAE that, pursuant to the Stipulation, OPAE agreed to provide the parties an annual summary of activities undertaken to weatherize the homes of the 30 highest-use PIPP customers, including the reasons for not weatherizing units and the repairs necessary to permit weatherization of the residences (Joint Ex. 1 at 4). The Commission directs that this annual report be submitted to the Commission's Rates and Analysis Department, Research and Policy Division, by September 1 of each year.

{¶ 13} Further, the Commission notes that Pike's DSM rider rate has not changed since the rate was approved in 2010. Accordingly, the Commission directs Staff to conduct an audit of Pike's DSM program and rider mechanism for accuracy, prudence, and compliance for the 12 months ended August 31, 2018, and to file its report of investigation, in a separate docket, by April 1, 2019.

{¶ 14} Furthermore, to afford interested stakeholders an opportunity to participate in Pike's future DSM audit proceedings, the Commission finds that an annual application process should be implemented to facilitate the transparent evaluation of Pike's DSM program and rider each year. To that end, the Commission directs Pike to open a new docket each year and file an application for the Commission's review and approval of its DSM program and the associated rider for the 12 months ended August 31. The DSM application should include the related supporting schedules, calculations, and proposed tariffs and be filed each year by no later than October 31.

III. ORDER

{¶ 15} It is, therefore,

{¶ 16} ORDERED, That Pike amend its DSM program to include the recommendations of Pike and OP&E, consistent with Paragraphs 10 and 11. It is, further,

{¶ 17} ORDERED, That OP&E submit the annual report of weatherization activities to Staff, as instructed in Paragraph 12. It is, further,

{¶ 18} ORDERED, That Staff conduct an audit of Pike's DSM program and rider mechanism for accuracy, prudence, and compliance with the Commission-approved DSM program for the 12 months ended August 31, 2018, as discussed in Paragraph 13. It is, further,

{¶ 19} ORDERED, That, in a separate docket, Pike file an application for the review of its DSM program and rider mechanism, with supporting schedules, calculations, and proposed tariffs, by October 31, 2019, and by October 31 each year thereafter, for the Commission's review and approval, as set forth in Paragraph 14. It is, further,

{¶ 20} ORDERED, That a copy of this Finding and Order be served upon Pike and all interested persons of record.

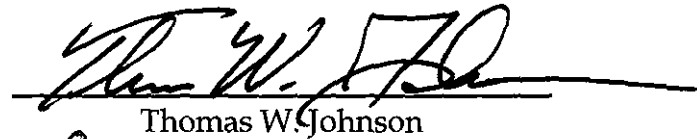
THE PUBLIC UTILITIES COMMISSION OF OHIO



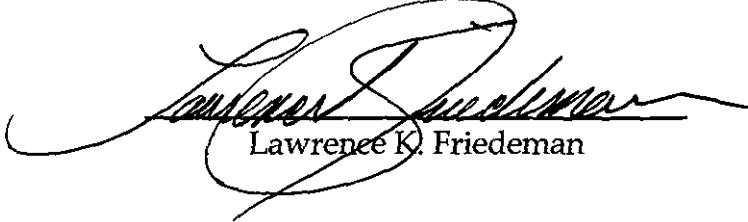
Asim Z. Haque, Chairman



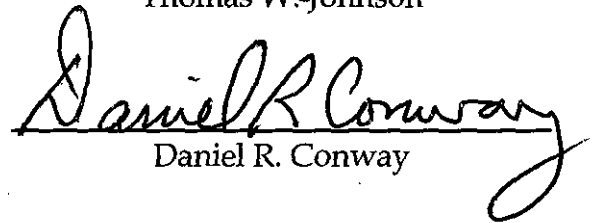
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Entered in the Journal **OCT 24 2018**



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