

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
SUBURBAN NATURAL GAS COMPANY
FOR APPROVAL TO INITIATE AN ENERGY
EFFICIENCY PROGRAM AND RIDER
MECHANISM.

CASE NO. 18-376-GA-RDR

FINDING AND ORDER

Entered in the Journal on November 7, 2018

I. SUMMARY

{¶ 1} The Commission approves the application of Suburban Natural Gas Company to implement an Energy Efficiency Program pilot and rate mechanism.

II. PROCEDURAL BACKGROUND

A. *Applicable Law*

{¶ 2} Suburban Natural Gas Company (Suburban 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 the Commission.

{¶ 3} R.C. 4929.05(A), which governs requests for approval of an alternative rate plan filed by a natural gas company, provides that the Commission shall authorize the applicant to implement the alternative rate plan if the natural gas company demonstrates and the Commission finds that all of the following conditions are met:

- (a) The natural gas company is in compliance with R.C. 4905.35 and is in substantial compliance with the policy of this state in R.C. 4929.02.
- (b) The natural gas company is expected to continue to be in substantial compliance with the policy of this state as specified in R.C. 4929.02 after implementation of the alternative rate plan.
- (c) The alternative rate plan is just and reasonable.

{¶ 4} Additionally, R.C. 4929.051(A) provides that an alternative rate plan filed by a natural gas company under R.C. 4929.05 and proposing to initiate or continue a revenue decoupling mechanism shall be considered an application not for an increase in rates if the rates or charges are based upon the billing determinants and revenue requirement authorized by the Commission in the company's most recent rate case proceeding and the plan also establishes, continues, or expands an energy efficiency or energy conservation program.

B. Procedural History

{¶ 5} On November 1, 2017, pursuant to R.C. 4929.05, 4929.051, and 4909.18, the Commission approved Suburban's supplemented and amended alternative rate plan application, subject to certain modifications. In its application, Suburban requested approval to implement a revenue decoupling mechanism with a straight fixed variable (SFV) rate design, to be phased in over a two-year period. Suburban also agreed to file, within four months of approval of the alternative rate plan, an Energy Efficiency Program (EEP) pilot to weatherize the residences of Suburban's high-usage Percentage of Income Payment Plan-Plus (PIPP) customers, to be developed with the input of Staff and other interested stakeholders. The associated cost recovery mechanism, Rider EEP, would initially be set at a rate of zero. *In re Suburban Natural Gas Co.*, Case No. 17-594-GA-ALT (*Alternative Rate Plan Case*), Finding and Order (Nov. 1, 2017).

{¶ 6} On March 1, 2018, in the above-noted case, Suburban filed a motion for continuance of the due date to file its EEP pilot application, until March 15, 2018, and a request for expedited ruling. By Entry issued March 1, 2018, Suburban's motion for an extension was granted.

{¶ 7} On March 16, 2018, as amended on May 4, 2018, and September 28, 2018, Suburban filed its application for an EEP pilot and Rider EEP mechanism.

{¶ 8} On April 3, 2018, and April 18, 2018, Ohio Consumers' Counsel (OCC) and Ohio Partners for Affordable Energy (OPAE), respectively, filed motions to intervene.

{¶ 9} On September 12, 2018, Staff filed its review and recommendation (Staff Report).

{¶ 10} To assist the Commission in its review of Suburban's application, by Entry issued September 21, 2018, a procedural schedule was established such that motions to intervene and comments were due by October 5, 2018, and reply comments were due by October 16, 2018. The September 21, 2018 Entry also granted OCC's and OPAE's motions to intervene.

{¶ 11} Comments were filed by OPAE on October 5, 2018. No reply comments were filed.

C. Summary of the EEP Pilot and Rider Application

{¶ 12} In the application, as amended and supplemented, Suburban states that the Company worked with Staff and the other parties to the Company's *Alternative Rate Plan Case*, along with OPAE member agencies, to develop its two-year EEP pilot. Suburban proposes to conduct home energy and safety audits that would include: safety checks of gas-fired heating units and appliances, including combustion analysis testing on heating units and hot water tanks; review of gas-fired appliance ventilation to ensure compliance with National Fire Protection Association standards; draft and backdraft testing of each gas-fired appliance; checking for gas leaks in and around all gas-fired appliances; testing of all gas pipes in the home for leaks; testing for carbon monoxide production by any gas-fired appliance; and inspecting the ductwork or distribution system of gas-fired appliances and heating units, as applicable. The application specifies that the EEP pilot measures will include: the cleaning and tune-up of each gas-fired heating appliance and, if needed, repairs and adjustments; the replacement of gas furnaces with a defective heat exchanger or that operate under 75 percent efficiency with a unit that operates at 90 percent or better

efficiency; the replacement of leaking or malfunctioning gas-fired hot water tanks; the elimination of gas leaks; repairs to ensure proper ventilation and draft of all gas-fired appliances; and the repair and sealing of the ductwork and distribution system, as applicable.

{¶ 13} In addition, for high-use PIPP and Graduate PIPP customers, Suburban will perform shell audits to determine if any insulation, air-sealing, and ventilation measures are needed. Depending on the PIPP customer's usage and the desired program outcomes, the shell audit will consist of: a visual inspection of the attic, wall, and crawlspace areas for potential insulation retrofits and potential or existing moisture problems; and blower door testing to determine air leakage opportunities and potential moisture problems. Suburban states retrofits may include attic, wall, and crawlspace insulation upgrades to code; air sealing between conditioned and unconditioned spaces; and installation of appropriate ventilation to prevent or resolve moisture issues.

{¶ 14} According to Suburban, OPAE, which is the administrator of the proposed EEP pilot, along with its member agencies, will perform the home energy and safety audits. OPAE expects to perform 12 to 14 EEP projects annually, with half of the projects requiring comprehensive weatherization measures. Suburban projects annual program costs will be approximately \$70,000 and requests permission to initiate Rider EEP at a rate of \$0.3431 per month to be applied to the Company's Small General Service rate schedule accounts. Suburban states that there are approximately 17,000 Small General Service customers. Suburban will advance \$10,000 to OPAE for initial administrative expenses upon approval of Suburban's application. Suburban proposes that the EEP home audits and subsequent weatherization projects commence when the revenue generated from Rider EEP equals \$30,000 (i.e., commencing with the beginning of the third month of collection of the revenue associated with Rider EEP).

{¶ 15} Suburban proposes that Rider EEP be subject to annual reconciliation and prudence review by Staff based on actual incurred program costs, with the rider to be

adjusted for over- or under-collection of the revenue requirement. Further, Suburban asks that the annual reconciliation filing be due on the first business day of the third month after the first complete 12 months of operation of the program and on the first business day of the third month after each successive 12 months of operation of the EEP. Suburban avers each annual reconciliation filing will include a discussion of the projects undertaken, project measures, and the nature of the savings with each measure.

D. *Summary of the Staff Report and Comments*

{¶ 16} Staff reviewed Suburban's EEP application, attached exhibits, proposed tariff language, and rate calculations. Staff notes that the Commission directed that Suburban work with Staff and other interested stakeholders to develop the EEP pilot and the proposed rider rate for the Commission's consideration. *Alternative Rate Plan Case*, Finding and Order (Nov. 1, 2017) at ¶ 20. Staff confirmed that Suburban's Rider EEP rate calculations, as amended, were accurate. Based on Staff's review, Staff recommends that Suburban's two-year EEP pilot and Rider EEP be approved at a rate of \$0.3431 per bill each month.

{¶ 17} In its comments, OPAE endorses the modified Rider EEP tariff language, as reflected in Suburban's September 28, 2018 amendment of Exhibit C to the application, and the proposed Rider EEP rate of \$0.3431 per month to be applied to Suburban's General Service rate schedule accounts, as recommended by Staff. OPAE supports the requested recovery of the costs associated with the implementation of cost-effective weatherization measures to be made available to the Company's high-usage PIPP customers.

III. COMMISSION'S DISCUSSION AND CONCLUSIONS

{¶ 18} The Commission has reviewed Suburban's application, as amended and supplemented, the Staff Report, and the comments filed. The Commission finds the proposed EEP pilot to be consistent with Suburban's approved alternative rate plan. *Alternative Rate Plan Case*, Finding and Order (Nov. 1, 2017) at ¶ 20. Further, we find that Suburban's proposed EEP pilot and Rider EEP are unopposed, reasonable, and in the public interest. The EEP pilot will offer an energy efficiency and safety service to Suburban's

customers, particularly its low-income customers who may not otherwise be able to afford such services. Accordingly, the Commission finds that Suburban's EEP pilot and Rider EEP application, as amended and supplemented, should be approved. Further, the Commission finds that no hearing is required in this case.

IV. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That Suburban's application to initiate the EEP pilot and to adjust the Rider EEP rate to \$0.3431 per month applicable to Suburban's General Service rate schedule accounts be approved. It is, further,

{¶ 21} ORDERED, That Suburban be authorized to file tariffs, in final form, consistent with this Finding and Order. Suburban shall file one copy in this case docket and one copy in its TRF docket. It is, further,

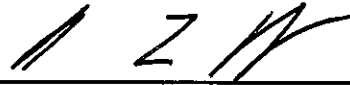
{¶ 22} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 23} ORDERED, That Suburban shall notify all affected customers via a bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 24} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO



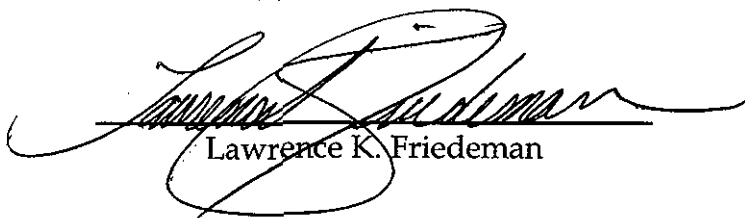
Asim Z. Haque, Chairman



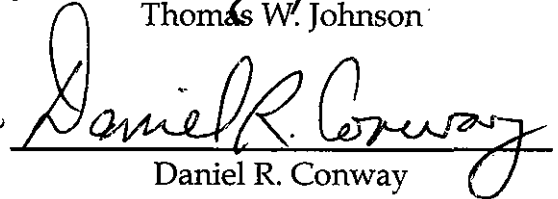
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