

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc., for Approval)	Case No. 18-0049-GA-ALT
of an Alternative Rate Plan)	
 In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. for Approval)	Case No. 18-0298-GA-AIR
of an Increase in Gas Rates)	
 In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc., for Approval)	Case No. 18-0299-GA-ALT
of an Alternative Rate Plan)	

**SUPPLEMENTAL DIRECT TESTIMONY OF
RINA H. HARRIS
ON BEHALF OF
VECTREN ENERGY DELIVERY OF OHIO, INC.**

<u> </u>	Management policies, practices, and organization
<u> X </u>	Operating income
<u> </u>	Rate base
<u> </u>	Allocations
<u> </u>	Rate of return
<u> </u>	Rates and tariffs
<u> </u>	Other

TABLE OF CONTENTS

I.	BACKGROUND AND QUALIFICATIONS	1
II.	STAFF'S EE PROGRAM AND EEFR RECOMMENDATIONS.....	1
III.	CONCLUSION	5

**Supplemental Direct Testimony of
Rina H. Harris**

I. BACKGROUND AND QUALIFICATIONS

Q1. Please state your name and business address.

A. My name is Rina H. Harris, and my business address is One Vectren Square, Evansville, Indiana 47708.

Q2. Are you the same Rina Harris who filed Direct Testimony on behalf of VEDO in this proceeding on April 13, 2018?

A. Yes.

Q3. What is the purpose of your supplemental direct testimony?

A. This testimony is intended to support the Company's objections to the recommendations made by the Staff of the Public Utilities Commission of Ohio (Staff) in its Report of Investigation (Staff Report). In particular, I am supporting the Company's objections to Staff Report's recommendations regarding VEDO's conservation and energy-efficiency (EE) initiatives and its Energy Efficiency Funding Rider (EEFR).

II. STAFF'S EE PROGRAM AND EEFR RECOMMENDATIONS

Q4. What did Staff recommend regarding VEDO's EE programs?

A. Staff made three recommendations:

- Eliminated the proposed \$5.6 million from base rate funding; instead permit the Applicant to collect a maximum of \$5.6 million through the EEFR for recovery of program costs and expenses.
- To deny approval of VEDO's proposed annual performance incentive.
- To discontinue using the Collaborative process to approve the EE program portfolio, and instead require VEDO to file an application with the Commission for authority to amend or continue its EE program portfolio.

(*Id.* at 15–16.)

1 **Q5. Beginning with the last recommendation, does VEDO object to the recommendation**
2 **to discontinue the Collaborative process?**

3 A. Yes. VEDO believes that the Collaborative process has been effective and has permitted
4 efficient ongoing management and review of the program while minimizing unnecessary
5 filings and costs. The EEFR itself is already subject to annual review, and it is not clear
6 to VEDO why decisions regarding the portfolio itself would require regular Commission
7 review. This would seem to place unnecessary demands on the Commission and the
8 parties, and if orders are not issued promptly, program interruptions and delays could
9 result, with consequent impacts on customers. It is notable that Staff provides no basis for
10 this recommendation.

11 Additionally, even if the Collaborative were to be discontinued, the Staff Report
12 does not address transitional issues. Programs are in the process of being approved for
13 2019 and will soon be underway, and substantial lead time is needed to ensure efficient
14 program delivery each year. The Staff Report recommends a major change in the method
15 by which the portfolio would be approved, but provides no explanation of how such a
16 transition should occur. Any transition to a new mechanism must be designed to avoid
17 unnecessarily disrupting existing programs, and should also recognize that numerous
18 parties have acted in reliance on the existing structures.

19 **Q6. Does VEDO object to the elimination of the proposed \$5.6 million from base rate**
20 **funding, with the funding to instead be permitted for recovery through the EEFR?**

21 A. VEDO does not object in principle to funding its programs through the EEFR as opposed
22 to base rates. VEDO is already subject to an annual EEFR update filing, so the processes
23 for this are already in place. But for similar reasons as before, VEDO does object to the
24 extent that the Staff Report fails to explain how VEDO should transition from the current
25 funding of its EE programs to the recommended model. These programs are currently

1 being funded through \$4 million in base rates and the remainder through the EEFR. A
2 transition to full EEFR funding needs to be carefully considered and must avoid any
3 interruption or delay in the recovery of program costs.

4 **Q7. Does VEDO have any proposal for addressing these transitions?**

5 A. Yes. VEDO witness Swiz addresses VEDO's proposal for a transition in funding
6 mechanism (from base rates to EEFR). If the Commission approves changes to the
7 approval mechanisms for EE programs, any change to the method by which programs are
8 approved should not occur until a defined future year. Programs for 2019 have been
9 designed and are in the process of being approved in reliance on the existing framework,
10 and will soon be underway. It does not appear possible that VEDO could file a potentially
11 contested application and receive a Commission decision with adequate time to
12 implement those programs. Even if VEDO were able to file an application for approval of
13 a new portfolio in the first quarter of 2019, it seems questionable whether VEDO would
14 have a decision early enough to avoid potential disruption of 2020 programs.

15 VEDO's planning process requires approximately 4-5 months lead time to build
16 and implement a plan, as it takes into account market changes, vendor feedback on
17 program performance/design, pricing adjustments, past evaluation results, etc. For this
18 reason, if the Commission were to order a change in the approval mechanism, VEDO
19 would propose that it not take effect until the delivery of programs in 2021. But whatever
20 date is selected, the Commission must account for the need for a transition process that
21 does not disrupt approved programs and delay the delivery of benefits to customers.

22 **Q8. Does VEDO have any other objections regarding this recommendation?**

23 A. Yes. Staff also recommends imposing a maximum recovery limit of \$5.6 million on the
24 EEFR. Staff provides no rationale for imposing such a limit. Given that Staff

1 recommends a separate filing to seek approval of EE programs and funding, VEDO does
2 not believe that it makes sense to resolve specific issues, such as funding limits, in this
3 proceeding. If the Commission agrees that there should be a separate filing, issues like
4 funding levels should be addressed in that filing.

5 **Q9. Does VEDO object to the denial of the performance incentive?**

6 A. Yes. The Staff Report articulates no basis for denying the performance incentive. As
7 explained in my direct testimony, many states have adopted performance incentives. This
8 Commission has also recently approved a performance incentive for Columbia Gas of
9 Ohio, Inc., *see* Case No. 16-1309-GA-UNC, as well as for Duke Energy Ohio, *see* Case
10 No. 11-4393-EL-RDR. Performance incentives encourage cost-effectiveness and the
11 achievement of program targets and reduce the disincentive to invest in energy efficiency
12 activities as opposed to other capital investment. The fact that the Commission approved
13 these incentives for other utilities, as have many other state commissions, shows that
14 there is nothing inherently objectionable about them. Staff, however, provides no basis
15 for denying the incentive here, or treating VEDO's request differently than Columbia's.
16 The Staff Report does not give the Commission any basis for denying VEDO's request.
17 Additionally, when comparing past performance with VEDO's future plans per the MPS,
18 it is evident that VEDO is significantly increasing its annual savings targets. Historical
19 targets achieve up to 0.4 percent of eligible sales through 2017, while future targets are
20 planned at 0.6–0.7 percent of eligible sales. VEDO's proposed performance incentive
21 must meet or exceed the higher savings targets to trigger shared savings.

1 **Q10. Are there any other reasons that VEDO objects to the recommended denial of the**
2 **performance incentive?**

3 A. Yes. As noted, the Staff Report recommends that going forward the EE program and
4 portfolio should be addressed in a separate filings. The Staff Report should have
5 recommended that the performance incentive be addressed in these separate filings as
6 well, and not foreclosed here. Even if the performance incentive is not approved in this
7 case, it should not be denied in this case if a separate docket is to be opened—particularly
8 when Staff has not articulated a basis for denying it.

9 At a minimum, the Staff Report should have recommended that the Commission
10 defer ruling on the performance incentive. VEDO should be permitted to propose it in the
11 recommended separate filing, where it may be fully considered.

12 **III. CONCLUSION**

13 **Q11. Does this conclude your supplemental direct testimony?**

14 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served by electronic mail to the following persons on this 7th day of November, 2018:

Werner.margard@ohioattorneygeneral.gov
William.michael@occ.ohio.gov
Bryce.mckenney@occ.ohio.gov
amy.botschner.obrien@occ.ohio.gov
cmooney@ohiopartners.org
mfleisher@elpc.org
talexander@calfee.com
slesser@calfee.com
mkeaney@calfee.com
joliker@igsenergy.com
mnugent@igsenergy.com
glpetrucci@vorys.com
mjsettineri@vorys.com
Thomas.jernigan.3@us.af.mil
Andrew.unsicker@us.af.mil

/s/ Andrew J. Campbell

Andrew J. Campbell

One of the Attorneys for Vectren Energy Delivery
of Ohio, Inc.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/7/2018 5:00:56 PM

in

Case No(s). 18-0049-GA-ALT, 18-0298-GA-AIR, 18-0299-GA-ALT

Summary: Exhibit 9.1 - Supplemental Direct Testimony of Rina H. Harris electronically filed by Ms. Rebekah J. Glover on behalf of Vectren Energy Delivery of Ohio, Inc.