BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application)	
of Columbia Gas of Ohio, Inc. for an)	Case No. 18-1701-GA-RDR
Adjustment to Rider IRP and Rider)	
DSM Rates.	

PREPARED DIRECT TESTIMONY OF ANDREW S. METZ ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

COLUMBIA GAS OF OHIO, INC.

Stephen B. Seiple, Asst. General Counsel (0003809)

Joseph M. Clark, Sr. Counsel (0080711)

Counsel of Record

290 W. Nationwide Blvd.

P.O. Box 117

Columbus, Ohio 43216-0117

Telephone: (614) 460-4648

(614) 460-6988

Email: sseiple@nisource.com

josephclark@nisource.com

Attorneys for

COLUMBIA GAS OF OHIO, INC.

PREPARED DIRECT TESTIMONY OF ANDREW S. METZ

- 1 Q. Please state your name and business address.
- 2 A. Andrew S. Metz, 290 West Nationwide Boulevard, Columbus, Ohio 43215.

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- 4 Q. By who are you employed?
- 5 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia").

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- 7 Q. Will you please state briefly your educational background and experience?
- 9 A. I graduated from Virginia Polytechnic Institute and State University with a BS in Business Economics in 2008 and a masters in Financial Economics from Youngstown State University in 2010. I began my career with Columbia in 2012 in the energy efficiency department where I was a Data and Performance Metrics Analyst. In April of 2017, I was promoted to my current position of Financial and Analytics Lead.

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- Q. What are your job responsibilities as Financial and Analytics Lead?
- A. I am responsible for validating Columbia's energy efficiency program data and invoices, strategic planning, data analysis and reporting, as well as managing Columbia's energy efficiency evaluation contractor. Other responsibilities include the preparation and/or support of exhibits, proposed tariff changes, and testimony filed by Columbia in support of the Demand Side Management ("DSM") rider proposed by Columbia in this case.

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- 24 Q. Have you previously testified before this Commission?
- 25 A. Yes. I provided written testimony last year in Case No. 17-2374-GA-RDR.

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- 27 Q. What is the purpose of your testimony?
- A. The purpose of my testimony is to support the reasonableness of Columbia's request for the proposed rate adjustments in Rider DSM. I provide detailed explanation of the DSM programs and the schedules filed by Columbia on February 28, 2019, in support of the proposed adjustments.

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- 33 Q. What schedules are you sponsoring in this proceeding?
- A. Following is a list and brief description of the schedules I am sponsoring in this proceeding, which are applicable to Rider DSM:

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Schedule/Exhibit	Description
Schedule DSM-1	DSM Revenue Requirement Calculation
Schedule DSM-2	Detail of Deferred DSM Expenditures by Month
Schedule DSM-3	Detail of DSM Recoveries by Month
Schedule DSM-4	Computation of DSM Carrying Costs
Schedule DSM-5	Shared Savings Incentive
Schedule DSM-6	Computation of DSM Rate per Mcf

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EXPLANATION OF DSM SCHEDULES

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- Q. Are you familiar with Columbia's Application to Establish Demand Side Management Programs filed on July 1, 2008 in Case No. 08-0833-GA-UNC, and approved by the Commission on July 23, 2008?
- A. Yes. Among other things, this Application defined the DSM program portfolio, program benefits, funding limits, customer base, program evaluation plan, and program timeframes.

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- Q. Are you familiar with Columbia's Application filed in Case No. 08-0072-GA-AIR, et al., on March 3, 2008, and approved by the Commission on December 3, 2008?
- A. Yes. Columbia's Application in these dockets requested authority to defer expenses incurred in the development and implementation of the DSM Program. Also, as part of its Alternative Regulation Plan filed in those dockets, Columbia requested approval of the proposed Rider DSM to recover DSM costs, including those deferred expenses incurred in the development and implementation of the DSM programs.

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- Q. Are you familiar with Columbia's Application filed in Case No. 11-5028-GA-UNC, on September 9, 2011, and approved by Commission Order dated December 14, 2011?
- 25 A. Yes. In that case, Columbia's Application sought continuation, expansion, 26 and approval of various DSM programs through December 31, 2016. In its 27 Order, the Commission authorized Columbia to implement all of the pro-28 posed DSM programs.

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Q. Are you familiar with Columbia's Application filed in Case No. 16-1309-GA-UNC, on June 10, 2016, and approved by Commission Order dated December 21, 2016? Yes. In that case, Columbia's Application sought to continue its demand side management Program and to continue the recovery and accounting previously approved in Case Nos. 08-0072-GA-AIR, et al., and 11-5028-GA-UNC, et al., for an additional six years through December 31, 2022. This application was approved by the Commission's December 21, 2016 Opinion and Order in that proceeding.

Q. Please describe Rider DSM.

A. Rider DSM authorizes Columbia to recover the costs of implementing a comprehensive, ratepayer funded, cost-effective energy efficiency program made available to all residential customers during calendar years 2009-2011. This time period was extended in Case Nos. 11-5028-GA-UNC, et al., for program costs incurred in calendar years 2012-2016. The time period was extended again in Case Nos. 16-1309-GA-UNC, et al., for program costs incurred in calendar years 2017-2022.

Rider DSM will be determined annually based on the actual cost of the program for the previous calendar year with rates to become effective the following May. The procedure for the filing of Rider DSM adjustments is identical to the filing procedure applicable to the Rider IRP, as set forth in the Opinion and Order from Case No. 16-1309-GA-UNC, et al.

Q. What are the customer benefits of the DSM programs?

A. The primary customer benefits of the DSM programs are lower natural gas usage and bills as a result of the implementation of energy efficiency measures. Other customer benefits include improved safety and reduced greenhouse gas emissions.

- Q. Please provide a brief description of each of the DSM programs for which Columbia has incurred costs during 2018.
- 31 A. Columbia incurred costs for most of its DSM programs during 2018.

Columbia's income eligible customer home weatherization program, WarmChoice®, served 2,058 households in 2018 through a network of five community-based providers and their subcontractors. Customers receive a diagnostic energy and safety inspection and installation of attic, wall, floor, duct and pipe insulation, air leakage sealing, and replacement of defective natural gas fueled water and/or space heating appliances, when needed. All customers who received services through WarmChoice® re-

ceived a quality assurance inspection by their WarmChoice® provider after all heating work was completed, and again after all weatherization work was completed. Additionally, six percent of homes that received Warm-Choice® services in 2018 had a quality assurance inspection completed by Columbia staff which included a complete inspection of all heating and weatherization work completed at the home.

The Home Energy Audit and Rebates program provides low-cost energy audits and assessments, smart or programmable thermostats and highperformance, water heater pipe insulation, energy-efficient showerheads and faucet aerators installed during the energy audit or assessment (if needed), and rebates for high-efficiency gas furnaces and boilers, duct sealing and air sealing, and attic and wall insulation targeted to customers with higher than average natural gas usage. CLEAResult is Columbia's implementation contractor for this program. CLEAResult has on-staff and independent energy auditors located strategically throughout Columbia's service territory to perform the residential customer energy audits and assessments, and install the smart or programmable thermostat, energyefficient showerheads, water heater pipe insulation, and faucet aerators at the time of the energy audit or assessment, if needed. CLEAResult also recruits, manages, and trains the HVAC and insulation contractor network, processes rebates, maintains a database of customers served and transactions processed, and performs quality assurance inspections of completed work. CLEAResult performed energy audits for 3,262 customers, energy assessments for 1,309 customers, and installed 1,243 programmable thermostats, 687 smart thermostats, 2,119 showerheads, 1,238 water heater pipe insulation, and 2,113 faucet aerators.

Customers completing work in the Home Energy Audit and Rebates program in 2018 totaled 1,570, although energy audits and assessments that were completed late in the year will result in work being completed in 2019. The following rebates were paid to customers in 2018: 1,406 air sealing; 1,367 attic insulation; 838 wall insulation; 41 duct sealing; and, 77 high efficiency furnaces. The program received the United States Environmental Protection Agency ENERGY STAR® Sustained Excellence Partner of the Year award in 2018.

Columbia contracted with ICF Resources, LLC ("ICF") in 2018 to implement the EfficiencyCraftedSM Homes program. This program provides in-

centives to builders to construct homes to a higher energy efficiency standard than Ohio's building energy code. ICF recruited and trained home energy raters and homebuilders to participate in the program. Columbia also offered the program in counties that are not shared with AEP. Program staff performed outreach to recruit and enroll new homebuilders and home energy rating companies. During 2018, sixty-two homebuilders and thirteen home energy rating companies submitted or received rebates, representing a mix of both returning and newly recruited participants. In 2018, 2,695 homes with an average Home Energy Rating System ("HERS") score of 61 were built to program standards (435 were ENERGY STAR® Certified) and received incentives. During 2018, 4,400 homes enrolled in the program including the 2,695 completed homes. This program received the United States Environmental Protection Agency ENERGY STAR® Sustained Excellence Partner of the Year award in 2018 and a 2018 ENERGY STAR® Certified Homes Market Leader Award.

The Simple Energy Solutions program provides rebates to customers who purchase smart and programmable thermostats; high-performance, energy-efficient showerheads; and/or energy-efficient faucet aerators. Customers may purchase eligible products from Columbia's e-store, operated by Energy Federation, Inc. through June of 2018 and Simple Energy, Inc. beginning in June 2018, and have the rebates applied automatically to the purchase price. In 2018 Columbia contracted with CLEAResult to partner with AEP to install showerheads and aerators in multifamily buildings that have natural gas water heating. Customers also may purchase products at a hardware or home improvement store and mail in a rebate form with the UPC and receipt to receive their rebate by mail. Columbia also partnered with Nest Labs and ecobee to provide several promotions throughout the year on smart thermostats. These promotions included additional rebates from the manufacturer on top of the Columbia instant rebate. Customers obtained 919 programmable thermostats, 11,759 smart thermostats, 2,357 energy-efficient showerheads and 3,861 energy-efficient faucet aerators through the program in 2018. The program received the United States Environmental Protection Agency ENERGY STAR® Sustained Excellence Partner of the Year award in 2018.

Columbia worked with the Ohio Energy Project ("OEP") in 2018 to operate the Student Energy Efficiency Education program, known as "e³ smart". OEP provided program orientation to schoolteachers throughout

Columbia's service territory to offer a curriculum on energy efficiency to students in grades 4 to 12. Students received a kit of energy efficiency materials, including an energy-efficient showerhead, faucet and bathroom aerator, and weather stripping, to install in their homes as part of the course curriculum to help lower their home energy usage. During 2018, 21,075 students were educated through the program.

Columbia continued its contract with CLEAResult to implement the Appliance Rebates program. This program provides instant rebates to customers when they have an ENERGY STAR® certified, high efficiency natural gas furnace, boiler, or water heater installed by a participating contractor. In 2018, 6,009 instant rebates were provided to customers who installed high efficiency heating systems and 302 water heaters were replaced through the program. This program received the United States Environmental Protection Agency ENERGY STAR® Sustained Excellence Partner of the Year award in 2018 for Program Delivery.

Columbia continued its contract with Oracle in 2018 to implement the Home Energy (Efficiency) Reports program. The Home Energy (Efficiency) Report is an engaging, user-friendly customer experience tool that anonymously compares customers' energy usage to that of their neighbors of similar size homes and demographics, tapping into the behavioral science insight that social pressure is a driving factor in motivating behavioral change around energy usage. The program provides customers with their energy usage information, a comparison of their usage with similar homes, and energy saving tips to help them take actions to reduce their natural gas usage. The program provided reports to approximately 511,000 randomly selected customers in 2018.

The Innovative Energy Solutions program provides funding for energy audits; rebates for energy efficiency improvements; funding for building commissioning; research and demonstration projects; and evaluation, measurement and verification projects for commercial and industrial buildings, including those owned by not-for-profits and religious institutions. In 2018, Columbia contracted with CLEAResult to provide implementation services for the program. Nineteen energy audits were funded in 2018, and rebates were provided for one hundred and seventy nine energy efficiency improvement measures. We anticipate that some of the

remaining customers that had energy audits funded in 2018 will apply for rebates in 2019.

In 2018, Columbia contracted with CLEAResult to operate its Energy Design Solutions program. The Energy Design Solutions program, branded the Small Commercial Construction program, provides education and training to building industry professionals and owners on the benefits of building energy efficient small buildings. During 2018, the program provided incentives for one hundred and twelve energy efficiency measures through the program.

During 2018, Columbia launched a tool in partnership with JadeTrack Inc. for commercial and industrial buildings to track energy consumption over time and compare energy consumption of their building with that of similar building types to identify energy saving opportunities. 1 business used the tool for 3 buildings as of December 31, 2018. Columbia worked with the Ohio Hospital Association to provide monthly natural gas usage data to enable the benchmarking of its members' hospital buildings.

Finally, in 2018 Columbia continued to offer its Home Energy Checkup program, a simple, easy-to-use on-line energy audit for customers who want to determine how efficient their homes are without an energy auditor visiting their home. The on-line energy audit provides information on low-cost actions as well as DSM programs that are appropriate for customers to participate in. During 2018, 6,987 households completed the Home Energy Checkup.

Q. What are the key DSM programs on which Columbia focused its program ramp-up and implementation efforts in 2018?

A. As a result of the competitive bidding process, Columbia selected a new implementation contractor for its Simple Energy Solutions program. Columbia also launched the EPA Portfolio Manager Program. The Home Energy Reports program was re-bid in 2018 and the bidding process continues into 2019. Columbia was a finalist for Best in Data Insight at the PRWEEK Awards in 2018. Noteworthy program awards include the 2018 ENERGY STAR® Certified Homes Market Leader Award, 2018 EPA Partner of the Year - Sustained Excellence in Energy Efficiency Program Delivery award, MarCom Platinum award in Video/Audit in the Television promotion category, WarmChoice® was recognized as an ACEE Exempla-

ry program and Columbia won a Diamond SABRE award in the Measurement and Evaluation category.

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- Q. How do actual DSM costs to date compare to the DSM Action Plan?
- 5 A. Columbia invested approximately \$22.1 million in its DSM programs in 2018 versus the \$25.7 million in the DSM Action Plan budget.

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- 8 Q. What are Columbia's plans for the DSM funds not invested in 2018?
- 9 A. Columbia will carry forward un-invested DSM funding from 2018 for possible use in future program years.

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- 12 Q. How are the schedules included in Columbia's November 28, 2018 13 Notice of Intent different from the updated schedules filed in this pro-14 ceeding on February 28, 2019?
- 15 A. The schedules included in Columbia's Notice of Intent contained nine 16 months actual and three months estimated calendar year 2018 data. The 17 schedules filed February 28, 2019 contain twelve months of actual calen-18 dar year 2018 data.

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- 20 Q. Does your testimony support the estimated data?
- A. No. My testimony supports the actual data filed in this proceeding on February 28, 2019 because the actual data is what supports the Rider DSM rate calculated on Schedule DSM-6 that will ultimately be billed to customers.

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- Q. What types of DSM expenses are deferred?
- A. Expenses incurred in the development, implementation, and administration of the comprehensive energy efficiency programs are deferred using actual costs as incurred. In addition, carrying costs were deferred as actual costs and calculated using Columbia's actual weighted cost of debt rate. The Commission Orders in Case Nos. 08-0833-GA-UNC, 11-5028-GA-UNC, and 16-1309-GA-UNC authorize the inclusion of carrying costs.

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- 34 Q. What is included in the DSM revenue requirement?
- 35 A. Deferred expenses incurred through December 31, 2018 have been 36 included in the DSM revenue requirement.

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38 Q. How is the DSM revenue requirement allocated to Columbia's customer base?

A. Pursuant to the Commission's Order in Case No. 08-0833-GA-UNC, the DSM program costs will be recovered from those customer classes primarily eligible to participate – Small General Service customers. The total revenue requirement calculated on Schedule DSM-1 is divided by the projected annual throughput of Small General Service customers for the twelve months rates will be in effect and the resulting rate will be billed volumetrically.

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- Q. What is the basis for including all of the items described in the paragraphs above in the development of the DSM revenue requirement?
- 11 A. Each item included in the revenue requirement is a reasonable, necessary, 12 business-related expense directly resulting from the development, admin-13 istration, and implementation of the DSM program.

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- 15 Q. What is the source for the actual data shown on these schedules?
- A. Generally, the information came from either the General Ledger or the supporting sub-ledgers of Columbia. When data came from another source, it was indicated on the appropriate schedule or elsewhere in this testimony.

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- 21 Q. Please describe the shared savings mechanism approved in Case 16-22 1309-GA-UNC.
 - A. Columbia's shared savings are computed on the difference between the net present value of program lifetime energy savings and the program costs calculated from the Utility Cost Test. The recovery of the shared savings incentive, grossed up for taxes, is based on the following tiered levels of program achievement:

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Percent of Mcf	Percent of Mcf	Corresponding
Savings Targets	Savings Targets	Shared Savings
Minimum	Maximum	Percentage
100%	< 105%	5%
≥ 105%	< 110%	6%
≥110%	< 115%	7%
≥115%	< 120%	8%
≥ 120%	< 125%	9%
≥ 125%		10%

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Q. Please describe the process used to track and verify shared savings.

Columbia developed a mechanism to track and calculate its shared savings incentive as approved in Case Nos. 11-5028-GA-UNC, et al., as continued and modified in Case Nos. 16-1309-GA-UNC, et al. The mechanism gathers and tracks data for energy conservation measures installed through each DSM program. Columbia used this data to calculate the projected natural gas savings using the formulas identified in the State of Ohio Energy Efficiency Technical Reference Manual ("TRM"), with the exceptions of the WarmChoice® program where historic billing analysis was used, the Home Energy Reports program where guaranteed contract savings with adjustments for measured actual savings were used, and Simple Energy Solutions program where smart thermostats are included as modeled using the methodology from Case No. 16-1309-GA-UNC, et al. Projected natural gas savings for the Innovative Energy Solutions program and Small Commercial Construction program are calculated using an energy audit or building modeling software. Using the energy conservation measures' lifetimes identified in the TRM, Columbia calculated the projected lifetime natural gas savings and the value of the natural gas savings for all of its DSM programs. Columbia's shared savings were computed by taking the difference between the net present value of the DSM program lifetime energy savings and the value of the DSM program costs calculated from the Utility Cost Test. Columbia provided the data tracking tool, including DSM program data, to Mr. Pigg, to verify that the natural gas savings complied with the approved methods for determining savings. Mr. Pigg's testimony discusses the process used and the results of the shared savings verification process.

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Q. Did Columbia retain shared savings from its DSM programs in 2018?

A. Yes. Columbia exceeded 125% of its annual natural gas savings target, making it eligible to retain 10% of the net benefit value of the natural gas savings.

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EXPLANATION OF REMAINING SCHEDULES

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Q. Would you please provide a brief explanation of each of the schedules?

A. Attachment A sets forth the proposed combined volumetric Rider DSM rate for each rate schedule. It also sets forth the monthly Rider IRP rate, which Columbia witness Thompson is also sponsoring. Attachment B details the rate schedules to which Rider DSM applies. Attachment C is a typical bill comparison which provides for the quantification of the impact

of Columbia's proposed DSM and IRP rates on customers' bills at various consumption levels.

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REASONABLENESS OF REQUESTED INCREASE AND BENEFITS TO RATEPAYERS AND THE PUBLIC INTEREST

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- Q. Does the revenue requirement detailed on Schedule DSM-1 exceed what was presented in Columbia's Notice of Intent filed in this docket on November 28, 2018?
- 10 A. No. Columbia is proposing a revenue requirement of \$22,287,876 in the schedules supported by my testimony. This does not exceed the combined annualized revenue requirement of \$25,105,609 estimated on November 28, 2018.

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- 15 Q. Do you have an opinion regarding whether Columbia's request to adjust the Rider DSM is reasonable?
- 17 A. Yes. I believe Columbia's request to adjust its Rider DSM is fair and 18 reasonable. These are necessary business expenses incurred in the day-to-19 day operations of the DSM Program.

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- 21 Q. Do the DSM programs benefit ratepayers and the public interest?
- 22 A. Yes. The DSM programs will provide all Columbia customers easy access 23 to energy saving measures, which will directly reduce natural gas usage, 24 improving the affordability of natural gas service. Beyond the value of en-25 ergy savings, DSM programs provide other benefits such as improved 26 safety, reduced greenhouse gas emissions, a lower carbon footprint, and 27 reduced water and electricity consumption.

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- 29 Q. Has the calculation of shared savings changed since last year?
- 30 A. No.

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- 32 Q. Does this complete your Prepared Direct Testimony?
- 33 A. Yes. However, I reserve my right to supplement this testimony.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served via electronic mail on the 28th day of February, 2019 upon the parties listed below.

<u>/s/ Joseph M. Clark</u>

Joseph M. Clark

Attorney for

COLUMBIA GAS OF OHIO, INC.

SERVICE LIST

William Wright
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, Ohio 43215

Email: William.wright@puc.state.oh.us

Christopher Healy
Angela O'Brien
Office of the Ohio Consumers' Counsel
65 East State Street, Suite 700
Columbus, Ohio 43215
Email: Christopher healey@occ.ohio.gov

Email: Christopher.healey@occ.ohio.gov angela.obrien@occ.ohio.gov

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