

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
COLUMBIA GAS OF OHIO, INC. FOR AN
ADJUSTMENT TO RIDER IRP AND RIDER
DSM RATES.

CASE NO. 18-1701-GA-RDR

OPINION AND ORDER

Entered in the Journal on April 24, 2019

I. SUMMARY

{¶ 1} The Commission approves Columbia Gas of Ohio, Inc.'s application to adjust its infrastructure replacement program rider and demand side management rider, subject to the Joint Stipulation and Recommendation filed on April 2, 2019.

II. DISCUSSION

A. *Procedural History*

{¶ 2} Columbia Gas of Ohio, Inc. (Columbia 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 pursuant to R.C. 4905.04, 4905.05, and 4905.06.

{¶ 3} R.C. 4929.11 provides that the Commission may allow any automatic adjustment mechanism or device in a natural gas company's rate schedules that allows a natural gas company's rates or charges for a regulated service or goods to fluctuate automatically in accordance with changes in a specified cost or costs.

{¶ 4} In *In re Columbia Gas of Ohio, Inc.*, Case No. 07-478-GA-UNC, et al., Opinion and Order (Apr. 9, 2008), the Commission approved an amended stipulation that, among other things, established an infrastructure replacement program (IRP) rider for Columbia. The purpose of the rider was to recover expenditures associated with the Company's replacement of risers that were identified as "prone to fail" and costs associated with customer service lines with potentially hazardous leaks. The stipulation provided that

Columbia would file annual applications supporting proposed adjustments to its rates. Staff would review the proposed rates and report on the reasonableness of the proposed rates.

{¶ 5} In *In re Columbia Gas of Ohio, Inc.*, Case No. 08-833-GA-UNC (*DSM Case*), Finding and Order (July 23, 2008), the Commission approved Columbia's application to implement specific demand side management (DSM) programs to be recovered through a DSM rider. The DSM rider allows for the recovery of costs for several programs aimed at conservation and the reduction of customer bills.

{¶ 6} In *In re Columbia Gas of Ohio, Inc.*, Case No. 08-72-GA-AIR, et al. (*Columbia Rate Case*), Opinion and Order (Dec. 3, 2008), the Commission approved a stipulation that, among other things, expanded Rider IRP to include two additional components: accelerated mains replacement program (AMRP) and automated meter reading devices (AMRD). The purpose of the AMRP was to replace approximately 3,770 miles of bare steel pipe, 280 miles of cast iron/wrought iron pipe, and approximately 360,000 steel service lines over a period of 25 years. The AMRD allows for the recovery of costs for the installation of AMRD on all residential and commercial meters served by Columbia over a five-year period.

{¶ 7} In addition to expanding the scope of Columbia's Rider IRP, the *Columbia Rate Case* allowed Columbia to recover costs for programs approved in the *DSM Case*. The stipulation approved in the *Columbia Rate Case* provides that the procedure for adjusting Rider DSM be identical to the filing procedure for adjusting Rider IRP. Annually, by November 30, Columbia must file a pre-filing notice to implement adjustments to the riders. Subsequently, Columbia must file its application and an update of actual year-end data by the following February 28 of each year. Staff and other parties may then file comments. Columbia has until March 31 of each year to resolve the issues raised in the comments. If the issues raised in the comments are not resolved, the stipulation requires that a hearing be held. The goal is that the proposed amendments to the riders become effective on May 1 of each year.

{¶ 8} In *In re Columbia Gas of Ohio, Inc.*, Case No. 11-5515-GA-ALT (*IRP Extension Case*), Opinion and Order (Nov. 28, 2012), the Commission approved a stipulation, which, among other things, continued the IRP for an additional five years, for the period January 1, 2013, through December 31, 2017. Subsequently, the Commission approved the continuation of Columbia's IRP for the period of January 1, 2018, through December 31, 2022. *In re Columbia Gas of Ohio, Inc.*, Case No. 16-2422-GA-ALT, Opinion and Order (Jan. 31, 2018).

{¶ 9} Similarly, an extension of Columbia's DSM program was approved by the Commission for the period of January 1, 2017, through December 31, 2022. *In re Columbia Gas of Ohio, Inc.*, Case No. 16-1309-GA-UNC, et al. (*2016 DSM Case*), Opinion and Order (Dec. 21, 2016).

{¶ 10} In *In re Columbia Gas of Ohio, Inc.*, Case No. 17-2374-GA-RDR, Finding and Order (Apr. 25, 2018), the Commission approved Columbia's previous application to adjust its Rider IRP and Rider DSM rates. The current rates that the Commission approved are as follows: \$8.91 per month for Small General Service (SGS) customers; \$88.17 per month for General Service (GS) customers; and \$2,374.67 per month for Large General Service (LGS) customers. The current rate that the Commission approved for Rider DSM is \$0.2336 per thousand cubic feet (Mcf).

{¶ 11} In accordance with the provisions of the stipulation in the *Columbia Rate Case*, Columbia filed on November 28, 2018, in the above-captioned case, its notice of intent to file an application to adjust Rider IRP and Rider DSM rates to recover costs incurred during 2018.

{¶ 12} On February 28, 2019, Columbia filed its application to adjust the rates of Rider IRP and Rider DSM. The application is based on a test year beginning January 1, 2018, and ending December 31, 2018, with a date certain of December 31, 2018, for property valuation.

{¶ 13} Also on February 28, 2019, Columbia filed direct testimony in support of its application. The testimony of Melissa L. Thompson, Director of Regulatory Policy, addresses the reasonableness of Columbia's request for the proposed rate adjustments in Rider IRP. The testimony of Andrew S. Metz, employed by Columbia as a Financial and Analytics Lead, purports to support the reasonableness of Columbia's request for the proposed rate adjustments in Rider DSM. He explains the DSM programs and the schedules that support the proposed adjustments. Eric Slowbe is employed by Columbia as a Principal Engineer. His testimony explains the management, engineering, and construction practices of Columbia as they relate to the various components of Rider IRP included in this filing for the 2018 calendar year. His testimony also addresses Columbia's performance with respect to the AMRP and hazardous service line replacement program. The testimony of Scott Pigg, a consultant hired by Columbia, addresses the shared savings incentive and the reasonableness of Columbia's request for shared savings in its Rider DSM rates.

{¶ 14} By Entry issued March 8, 2019, the attorney examiner set a procedural schedule, ordering Staff and any intervenors to file comments on the application by March 22, 2019. The March 8, 2019 Entry also required that Columbia file a statement by March 28, 2019, informing the Commission whether the issues raised in the comments were resolved. Expert testimony was due to be filed by April 1, 2019. In the event that any issue raised in the comments had not been resolved, the Entry set the hearing in this matter for April 3, 2019.

{¶ 15} The Ohio Consumers' Counsel (OCC), the Environmental Law & Policy Center (ELPC), and the Ohio Partners for Affordable Energy (OPAE) filed timely motions to intervene by March 22, 2019, and intervention for OCC, ELPC, and OPAE was granted by the attorney examiner at the April 3, 2019 hearing.

{¶ 16} On March 22, 2019, Staff and ELPC submitted their respective comments and recommendations in this docket. Comments were not filed by OPAE or OCC.

{¶ 17} On March 28, 2019, Columbia filed a statement informing the Commission that the issues raised in ELPC's comments were not resolved and that a hearing would be necessary.

{¶ 18} On April 2, 2019, Columbia filed a Stipulation and Recommendation (Stipulation) between Staff, OP&A, and itself. On that same date, Columbia filed the supplemental direct testimony of Melissa L. Thompson in support of the Stipulation.

{¶ 19} An evidentiary hearing in this matter was held on April 3, 2019, as scheduled. Initial briefs were filed by Columbia, Staff, and ELPC on April 10, 2019. Columbia, OCC, and ELPC filed reply briefs on April 12, 2019.

B. Summary of the Comments

1. STAFF'S COMMENTS

{¶ 20} On March 22, 2019, Staff filed its comments and recommendations, in which it recommended that the Commission approve Columbia's IRP application. Staff believes that the Company has supported its application with adequate data and information to ensure that the IRP revenue requirement and resulting rider rates are just and reasonable; however, Staff recommends that, due to the timing of the February 28, 2019 filing, Staff audit the actual IRP expenditures for October through December of 2018 during the next annual audit.

{¶ 21} Staff points out in its comments that, in the *IRP Extension Case*, the scope of the AMRP was clarified to include interspersed non-priority mains, first generation plastic mains, and ineffectively coated steel mains. Staff notes that Columbia included in its application the costs of retiring these portions of non-priority pipe in conjunction with its infrastructure replacement projects. Staff further notes that, in 2018, Columbia completed 275 AMRP projects involving the replacement of priority and non-priority pipe, with these projects representing 737,189 feet of steel pipe, 18,804 feet of iron pipe, 90,473 feet of plastic pipe, 153,291 feet of pre-1955 ineffectively coated steel pipe, and 34,009 feet of post-1954 coated steel pipe. In addition, Staff states that Columbia reported that it replaced 6,127

hazardous service lines. According to Staff, Columbia completed AMRD deployment throughout its system in 2013 and replacement of all previously identified prone-to-fail risers, in June 2011. Staff notes that the Company will continue to include expenses, such as depreciation and taxes, in future applications to adjust Rider IRP until the risers are included in the Company's base rates. (Staff Ex. 1 at 7-8.)

{¶ 22} In its comments, Staff notes that Columbia uses a competitive bidding process for work associated with its AMRP projects. Staff confirmed that none of the contractors selected by Columbia were affiliated with the Company. Staff notes that, in its bid packages, Columbia expresses a preference for the use of Ohio labor, as long as there are no negative effects in terms of price and work quality. According to Staff, Columbia reported that, in 2018, approximately 89 percent of the contractor labor force for AMRP projects was from Ohio. (Staff Ex. 1 at 8-9.)

{¶ 23} Staff reports that Columbia proposes a revenue requirement of \$159,957,926 for the AMRP, \$43,487,281 for the risers, and \$5,096,808 for the AMRD program, with a combined IRP revenue requirement of \$208,542,015. Staff further notes that, as applied to the applicable rate classes, the total IRP rider rates to take effect in May 2019 would be as summarized below, with comparisons to the current rates:

Customer Class	Current Monthly IRP Rate	Proposed Monthly IRP Rate	Proposed Difference
SGS	\$8.91	\$9.38	\$0.47
GS	\$88.17	\$80.67	(\$7.50)
LGS	\$2,374.67	\$2,441.62	\$66.95

In its comments filed on March 22, 2019, Staff points out that the proposed monthly IRP rate of \$9.38 for SGS customers is below the \$11.35 per month cap established by the approved

stipulation in Case No. 16-2422-GA-ALT, primarily as a result of the Tax Cuts and Jobs Act of 2017 (TCJA). (Staff Ex. 1 at 9-10.)

{¶ 24} The TCJA provided for a number of changes in the federal tax system. Most notably, the federal corporate income tax rate was reduced from 35 percent to 21 percent, effective January 1, 2018. The TCJA has two primary effects associated with ratemaking for public utilities: a reduction in a utility's federal income tax expense and the recognition of Excess Accumulated Deferred Income Taxes (EDIT).¹ Staff notes that Columbia incorporated these components of the TCJA into its filing. According to Staff, Columbia reduced the pre-tax rate of return from 10.95 percent to 9.52 percent in order to recognize the new tax rate. Additionally, the Company has recognized the EDIT as a regulatory liability and reduced rate base by the balance.² Furthermore, Staff reports that the Company will begin amortizing and refunding the EDIT to customers beginning May 1, 2019. Staff notes that, in Case No. 17-2374-GA-RDR, the Company also included an adjustment to recognize the over-collection during the months of January 2018 through April 2018 due to the change in the federal tax rate. Staff has confirmed that the Company will be refunding the entire balances of EDIT associated with Rider IRP investments and verified the appropriate amortization periods were being applied to the balances. (Staff Ex. 1 at 10-11.)

{¶ 25} Staff also reviewed Columbia's application to adjust its Rider DSM. Rider DSM recovers the costs related to the implementation of a DSM program that enables customers to reduce their bills through various conservation programs. After its review of Columbia's DSM program schedules, actual expenses, revenues, over/under collections, and shared savings data, Staff found that Columbia accurately calculated its proposed Rider DSM rate; however, Staff recommends that, due to the timing of the February 28, 2019 filing, Staff audit the actual DSM expenses for October through December 2018 during the next

¹ Staff clarifies that Accumulated Deferred Income Taxes had been deferred at the previous corporate tax rate of 35 percent. Further, Staff states that, when the tax rate was reduced to 21 percent, those balances were in excess of the utility's future tax obligations, which gave rise to the EDIT described above.

² The balance of the Accumulated Deferred Income Taxes has been reduced by the balance of the EDIT.

annual audit to verify accuracy. (Staff Ex. 1 at 12-14.) Current and proposed rates are summarized below:

Current DSM Rate (per Mcf)	Proposed DSM Rate (per Mcf)	Proposed Decrease
\$0.2336	\$0.1957	\$0.0379

(Application, Schedule DSM-6.)

2. ELPC'S COMMENTS

{¶ 26} On March 22, 2019, ELPC filed its comments regarding Columbia's application. ELPC seeks modifications to Columbia's implementation of the smart thermostat offerings in its DSM program to be, allegedly, more consistent with the directives in the Opinion and Order in the *2016 DSM Case*. ELPC argues that the information provided in Columbia's currently pending application indicates that the time for expansion of the Company's smart thermostat offerings is now, in accordance with the *2016 DSM Case Order*. (ELPC Comments at 1.)

{¶ 27} ELPC is requesting that the Commission require Columbia to shift available funds to smart thermostat offerings to increase access to energy saving opportunities for Columbia customers. Specifically, ELPC states that, pursuant to the Company's 2018 filing in this case, Columbia's Home Performance Solutions Program is not performing as projected and avers that funding is available for transfer to the Simple Energy Solutions Program as originally proposed by ELPC in the *2016 DSM Case*. ELPC argues that, in the *2016 DSM Case*, Columbia projected an annual budget for its Home Performance Solutions Program of approximately \$7.6 million in 2018, and Columbia's application in this case indicates that the Company expended \$4.6 million on this program. ELPC states that it does not dispute the efficiency improvements resulting from the Home Performance Solutions Program are cost-effective; however, ELPC argues that, even at the original projected

budget, this program would only provide those savings to a small percentage of Columbia's 1.4 million customers through 2022, whereas Columbia was able to rebate 11,759 smart thermostats with a budget of \$2.4 million for the Smart Energy Solutions Program in 2018. ELPC believes that smart thermostats provide more customers with lower-cost savings than the Home Performance Solutions Program. (ELPC Comments at 2-3.) Lastly, ELPC notes that Columbia spent approximately \$22.1 million in its DSM programs in 2018 versus the \$25.7 million in the DSM Action Plan Budget and argues that the Company could support customer adoption of close to 50,000 smart thermostats a year - up to 15 percent of its overall customer base of 1.4 million - if Columbia were to invest the extra \$3.6 million annually in a smart thermostat education program and additional smart thermostat rebates in 2019 through 2022 at the current rebate level of \$75. (ELPC Comments at 3-4.)

{¶ 28} Additionally, ELPC requests that the Commission require two changes in Columbia's DSM implementation process: (1) Columbia be required to hold two collaborative meetings per year to present costs, results, and future plans for implementation of its conservation programs, open to all interested stakeholders rather than the limited set of stakeholders historically included in the Company's DSM stakeholder group; and (2) Columbia be required to provide in such stakeholder meetings, in its annual rider filing, or in some other venue, information regarding joint efforts with its two biggest overlapping electric utilities, AEP Ohio and FirstEnergy, to provide customer education and rebates for smart thermostats. (ELPC Comments at 4-5.)

C. Summary of the Stipulation

{¶ 29} As previously mentioned, a Stipulation signed by Columbia, Staff, and OPAE (jointly, Signatory Parties) was submitted on the record at the hearing held on April 3, 2019. The Stipulation was intended by the Signatory Parties to resolve the issues in this proceeding. The following is a summary of the provisions agreed to by the Signatory Parties and is not intended to replace or supersede the Stipulation:

- a. The Signatory Parties agree that the Rider IRP and Rider DSM rates proposed by Columbia in its application in the above-captioned proceeding should be accepted and approved. Further, the Signatory Parties agree that Staff reserves the right to review the October, November, and December 2018 expenses for both Riders IRP and DSM during the review of the calendar year 2019 expenses. Additionally, the Signatory Parties agree that this case should be limited to a review of the calendar year 2018 IRP and DSM investments.
- b. The Signatory Parties agree that Columbia's pre-filed testimony and supplemental testimony of witnesses, notice of intent, application, and all supplemental testimony, any testimony filed by any party in support of the Stipulation, and Staff's comments should be admitted into evidence on the condition that the Commission approves the Stipulation. Additionally, the Signatory Parties agree to waive cross-examination of witnesses of other Signatory Parties. Lastly, with respect to the issues resolved by the Stipulation, the Signatory Parties agree that Columbia has met its burden of proof in this proceeding.

(Joint Ex. 1 at 1-3.)

D. Consideration of the Stipulation

{¶ 30} Ohio Adm.Code 4901-1-30 authorizes parties to Commission proceedings to enter into stipulations. Although not binding on the Commission, the terms of such an agreement are accorded substantial weight. *See Akron v. Pub. Util. Comm.*, 55 Ohio St.2d 155, 157, 378 N.E.2d 480 (1978). This concept is particularly valid where the stipulation is unopposed by any party and resolves all issues presented in the proceeding in which it is offered.

{¶ 31} The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. *See, e.g., In re Cincinnati Gas & Elec. Co.*, Case No. 91-410-EL-AIR, Order on Remand (Apr. 14, 1994); *In re W. Res. Tel. Co.*, Case No. 93-230-TP-ALT, Opinion and Order (Mar. 30, 1994); *In re Ohio Edison Co.*, Case No. 91-698-EL-FOR, et al., Opinion and Order (Dec. 30, 1993); *In re Cleveland Elec. Illum. Co.*, Case No. 88-170-EL-AIR, Opinion and Order (Jan. 31, 1989); *In re Restatement of Accounts and Records*, Case No. 84-1187-EL-UNC, Opinion and Order (Nov. 26, 1985). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

- (1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- (2) Does the settlement, as a package, benefit ratepayers and the public interest?
- (3) Does the settlement package violate any important regulatory principle or practice?

{¶ 32} The Supreme Court of Ohio has endorsed the Commission's analysis using these criteria to resolve issues in a manner economical to ratepayers and public utilities. *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.*, 68 Ohio St.3d 559, 561, 629 N.E.2d 423 (1994), citing *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St.3d 123, 126, 592 N.E.2d 1370 (1992). Additionally, the Court stated that the Commission may place substantial weight on the terms of a stipulation, even though the stipulation does not bind the Commission.

1. IS THE SETTLEMENT A PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?

{¶ 33} The Signatory Parties opine that the Stipulation is the product of serious bargaining among knowledgeable and capable parties to resolve the issues in this case (Joint Ex. 1 at 1). In support of the Stipulation, Columbia witness Thompson states that the Stipulation is the product of an open process in which all parties were represented by able counsel and technical experts (Columbia Ex. 8 at 2; Tr. at 28). Furthermore, Columbia witness Thompson avers that the Stipulation is supported by a broad range of interests and represents a comprehensive compromise of the issues raised by parties that regularly participate in Commission proceedings and other regulatory matters (Columbia Ex. 8 at 2). Additionally, Columbia witness Thompson explained that the settlement is the product of an open process in which all parties participated, and all parties met at a settlement conference at which the terms were agreed upon (Columbia Ex. 8 at 2). Upon review, we find that the first prong of the test is met.

2. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT RATEPAYERS AND THE PUBLIC INTEREST?

{¶ 34} In regard to the second prong, the Signatory Parties aver that the Stipulation benefits customers and the public interest (Joint Ex 1 at 1). Columbia witness Thompson opines that the Stipulation promotes safety and reliability, enhances customer service, provides energy savings, and implements the final pieces of the federal tax reform legislation (Columbia Ex. 8 at 3). As it relates to Rider IRP, Columbia witness Thompson states that the Stipulation allows Columbia to continue to recover costs necessary to implement its systematic replacement strategy, maintain responsibility for all maintenance, repair, and replacement of existing or probable hazardous customer-owned service lines, enhance customer service by reducing customer outages due to leaks, and increase the reliability of Columbia's system due to less groundwater infiltrating Columbia's facilities (Columbia Ex. 8 at 3-4). In regard to Rider DSM, Columbia witness Thompson states that Columbia and its contractors conduct safety inspections with each home energy audit in the DSM program (Columbia Ex. 8 at 3). From 2017 through 2018, home energy audits and

inspections identified 378 gas leaks, 1,255 electrical wiring issues, and 3,291 venting issues. Columbia witness Thompson avers that, when these issues are fixed, Columbia's customers are safer (Columbia Ex. 8 at 3-4). Lastly, Columbia witness Thompson states that the Stipulation provides all of the foregoing benefits to SGS customers at an IRP rate of \$9.38, which is less than the approved IRP rate limit of \$11.35 for 2018, and with a reduction in the rate for the DSM program (Columbia Ex. 8 at 4). The Commission agrees with the Signatory Parties and finds the Stipulation also satisfies the second prong of the test.

3. DOES THE SETTLEMENT PACKAGE VIOLATE ANY IMPORTANT REGULATORY PRINCIPLE OR PRACTICE?

{¶ 35} Lastly, in regard to the third prong, the Signatory Parties aver that the Stipulation is supported by adequate data and information and violates no regulatory principle or precedent (Joint Ex. 1 at 1). Columbia witness Thompson purports that the Stipulation is consistent with Commission orders on past Columbia applications requesting an adjustment to Rider IRP and Rider DSM (Columbia Ex. 8 at 5). The Commission finds that there is no evidence that the Stipulation violates any important regulatory principle or practice, and, therefore, the Stipulation meets the third criterion.

E. ELPC's Proposal

{¶ 36} ELPC requests that the Commission require Columbia to increase its budget for smart thermostat education, marketing, and rebates in compliance with the Commission's 2016 DSM Case Order. Specifically, ELPC proposes Columbia be required to transfer unspent funds from the allegedly underperforming Home Performance Solutions Program to the Simple Energy Solutions Program. ELPC argues that Columbia has not made any commitment as to how it might spend its existing, unspent DSM funds, stating only that it might use the money for programs that are successful in order to serve more customers (Tr. at 18). ELPC notes that Columbia spent approximately \$22.1 million in its DSM programs in 2018 versus the \$25.7 million in the DSM Action Plan Budget and argues that the Company could support customer adoption of close to 50,000 smart thermostats a year - up to 15 percent of its overall customer base of 1.4 million - if Columbia were to invest

the extra \$3.6 million annually in a smart thermostat education program and additional smart thermostat rebates in 2019 through 2022 at the current rebate level of \$75.

{¶ 37} ELPC is also requesting the Commission to require Columbia to hold two collaborative meetings per year to present costs, results, and future plans for implementation of its conservation programs, open to all interested stakeholders rather than the limited set of stakeholders historically included in the Company's DSM stakeholder group. ELPC proposes that Columbia be required to provide in these stakeholder meetings, in its annual rider filing, or in some other venue, information regarding joint efforts with its two biggest overlapping electric utilities, AEP Ohio and FirstEnergy, to provide customer education and rebates for smart thermostats. ELPC argues that the stakeholder group is limited to discussing the DSM programs' performance, asking questions and providing input, and there is no guarantee Columbia will accept that input (Tr. at 30-31).

{¶ 38} Columbia and OCC respond that there is a lack of record support in this case for ELPC's recommendations regarding smart thermostats. Columbia notes, however, that it is willing to discuss ELPC's proposal at its next DSM stakeholder meeting, which is expected to be held in May or June of this year. Columbia adds that, if ELPC is not satisfied with the progress made through working with the stakeholder group, ELPC can advocate for changes to the Simple Energy Solutions Program during the Company's next annual Rider DSM proceeding. Similarly, OCC argues that ELPC's proposal must be more fully developed and vetted to provide maximum benefits to customers at the least cost.

III. COMMISSION CONCLUSION

{¶ 39} In regard to ELPC's comments and request for an order to effectuate the expansion of Columbia's smart thermostat offerings by directing Columbia to reallocate its DSM program funds in accordance with the 2016 DSM Case Order, the Commission notes that the Second Entry on Rehearing recently issued by the Commission on April 10, 2019, in the 2016 DSM Case addresses this issue, as well as the other issues raised in ELPC's comments in this case. In the Second Entry on Rehearing, the Commission first clarified that

“[it] may also consider additions, revisions, or amendments to Columbia’s DSM Program as part of Columbia’s DSM Program renewal application or the annual DSM rider proceedings.” *2016 DSM Case, Second Entry on Rehearing* (Apr. 10, 2019) at ¶ 19. Therefore, the Commission may elect to review individual DSM programs in the annual rider update proceedings.

{¶ 40} In regard to ELPC’s argument that Columbia’s Home Performance Solutions Program is underperforming, and as a result of this alleged underperformance, Columbia should reallocate unspent funds to the Simple Energy Solutions Program, the Commission provided clarification on what it means for a program to underperform. Specifically, “an underperforming plan shall be defined as a customer participation rate that is 25 percent or more below the projected customer participation level.” The Second Entry on Rehearing further directs Columbia to hold biannual DSM stakeholder meetings in which Columbia is to discuss with the DSM stakeholder group methods to improve participation in the DSM program. Furthermore, the Commission directed Columbia to discuss any underperforming DSM plan at each biannual meeting and justify, in its annual DSM rider application, any decision to continue an underperforming plan, as opposed to using the funds to develop a customer education and marketing campaign for Simple Energy Solutions. *2016 DSM Case, Second Entry on Rehearing* (Apr. 10, 2019) at ¶ 23.

{¶ 41} Lastly, with respect to ELPC’s request for Columbia to provide information regarding collaboration with AEP Ohio and FirstEnergy to provide customer education and rebates for smart thermostats, the Commission directed Columbia to update the Commission on its progress in implementing a consolidated rebate process. Furthermore, Columbia was also directed to provide the consolidated rebate application process update as part of its annual DSM rider application each year through 2022. In addition, if the smart thermostat rebate is included as a part of the Company’s next DSM renewal application, Columbia must provide an explanation of its decision to continue or discontinue the consolidated rebate process, including the recommendations of its DSM stakeholder collaborative. *2016 DSM Case, Second Entry on Rehearing* (Apr. 10, 2019) at ¶ 24.

{¶ 42} The Commission agrees with Columbia and OCC that there is insufficient evidence in the record in this case to support ELPC's proposal regarding the expansion of the smart thermostat program. As Columbia argues, the better venue for addressing the proposal at this time is the Company's next DSM stakeholder meeting. The Commission also notes that there is no opposition from ELPC or any other party to Columbia's proposed rates for Rider IRP and Rider DSM, and there is no opposition to the Stipulation. At hearing, no party's cross-examination questioned the lawfulness or reasonableness of the Stipulation nor the reasonableness of the rate adjustments to Rider IRP and Rider DSM to capture 2018 investments. Upon consideration of the application, comments, Stipulation, and evidence, the Commission finds that Columbia's application to adjust its Rider IRP and Rider DSM rates is reasonable and should be granted, subject to the Stipulation, which should be adopted in its entirety.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

{¶ 43} Columbia is a natural gas company as defined in R.C. 4905.03 and a public utility under R.C. 4905.02. As such, Columbia is subject to the jurisdiction of the Commission.

{¶ 44} On February 28, 2019, Columbia filed its application to adjust the rates of Rider IRP and Rider DSM.

{¶ 45} On April 2, 2019, Columbia filed a Stipulation between Staff, OP&E, and itself that purports to resolve all issues in this proceeding as they relate to the Stipulation.

{¶ 46} The evidentiary hearing was held on April 3, 2019, and OCC, ELPC, and OP&E were granted intervention at the hearing.

{¶ 47} Initial and reply briefs were filed by the parties on April 10, 2019, and April 12, 2019, respectively.

{¶ 48} The Stipulation meets the criteria used by the Commission to evaluate stipulations, is reasonable, and should be adopted in its entirety.

{¶ 49} Columbia should be authorized to implement the new rates for Rider IRP and Rider DSM, consistent with the Stipulation and this Opinion and Order.

V. ORDER

{¶ 50} It is, therefore,

{¶ 51} ORDERED, That the Stipulation filed in this proceeding be approved and adopted. It is, further,

{¶ 52} ORDERED, That Columbia's application to adjust its Rider IRP and Rider DSM rates be approved, subject to the Stipulation. It is, further,

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

{¶ 54} 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,

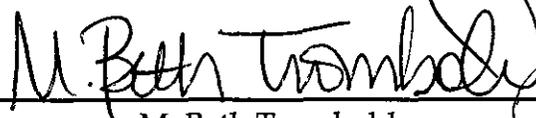
{¶ 55} ORDERED, That Columbia notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability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

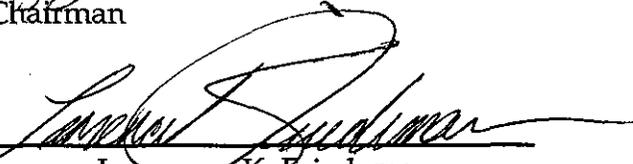
{¶ 56} ORDERED, That nothing in this Opinion and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO


Sam Randazzo, Chairman


M. Beth Trombold

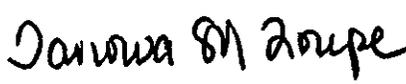

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