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**A report by the staff of the
Public Utilities Commission of Ohio**

Pike Natural Gas Company
Case No. 08-941-GA-ALT

**Audit of the Demand Side Management Program
and Rider Reconciliation**

June 24, 2019

PUCO

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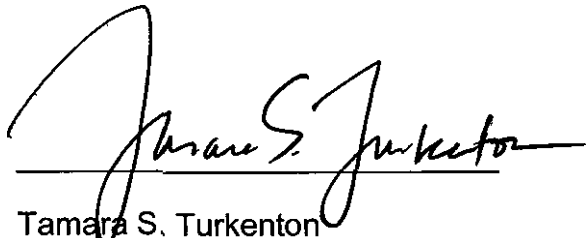
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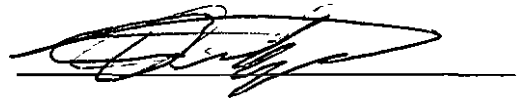
Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audit of Pike Natural Gas Company's demand-side management (DSM) program. The Staff audited the material as set forth in the Commission's Entry in Case No. 08-941-GA-ALT.

Staff's audit has revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.



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Pike Natural Gas Company
Case No. 08-941-GA-ALT

Commission Entry

On October 24, 2018, the Commission initiated the audit of Pike Natural Gas Company's (Pike or Company) demand-side management rider (DSM Rider) and program to its General Service Residential (GSR) and General Service Commercial (GSC) customers. Staff has conducted an audit of the Company's DSM program and presents its findings and recommendation(s) in this report.

Background

On August 1, 2008, Pike filed an application for approval of an alternative rate plan to establish an energy conservation program and a DSM Rider. The initial DSM Rider rate proposed was \$0.00978 per Ccf, applicable to customers under the Company's General Sales Service rate schedule. This rate would produce \$80,000 annually for energy conservation related projects. The energy conservation program would target high usage Percentage of Income Payment Plan (PIPP) customers in reducing natural gas consumption.

On June 16, 2010, the Commission approved Pike's alternative rate plan application, including the energy conservation program and DSM Rider. The rider rate was set at \$0.93 per month for residential and commercial customers' accounts. On June 25, 2010, Pike filed its DSM Rider tariff with an effective date of July 1, 2010.

On May 31, 2017, Pike filed a motion to suspend the collection of its DSM Rider so that the Company, Staff and other parties could re-evaluate their energy conservation program as the expenditures for the program were minimal in comparison to the revenues collected through the rider. On July 26, 2017, the Commission granted Pike's motion to suspend collection of the DSM Rider.

By Entry, on October 24, 2018 (October Entry), the Commission directed Staff to audit Pike's DSM program and rider mechanism for accuracy, prudence, and compliance for the 12 months ending August 31, 2018. Staff was ordered to file a Staff Report of its investigation in this docket.

Staff Review

Staff issued data requests for the period September 1, 2017 through August 31, 2018, requesting documentation related to the weatherization expenditures and projects completed

In its response, the Company provided support for 17 weatherization projects completed during September 2017 through December 2017 at a cost of \$113,134. Only three of the completed weatherization projects were for PIPP customers. No projects were completed during January 2018 through August 2018. As of August 31, 2018, the DSM program's balance was \$75,183.83.

Staff compared the weatherization recipients' gas consumption during September 2016 through August 2017 to their gas consumption during September 2017 through August 2018. Seven of the 17 weatherization recipients were able to save on gas consumption.

Staff reviewed applicable billing statements under the Company's GSR and GSC rate schedules to ensure that DSM Rider costs were not applied to accounts after the July 26, 2017, order that approved the Company's suspension of the rider. Staff's review found no exceptions throughout the investigation period.

Staff Conclusion and Recommendation

Pike's DSM program was established to reduce natural gas usage from its highest demand, low-income PIPP customers. By Entry on July 26, 2017, Pike's motion to suspend collections of the DSM Rider was granted; however, Pike was to continue weatherizing homes unless ordered otherwise by the Commission. Pike completed no weatherization projects from January through August 2018. For these reasons, it is Staff's opinion that the Company terminate its DSM program and provide to its customers a refund of the remaining balance in the rider.