

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of)
Columbia Gas of Ohio, Inc. for an Adjust-)
ment to Rider IRP and Rider DSM Rates.)

Case No. 19-1940-GA-RDR

**MERIT BRIEF OF
COLUMBIA GAS OF OHIO, INC.**

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I. COVID-19

At the outset, Columbia wants to acknowledge the unprecedented upheaval to all of Columbia's customers caused by the COVID-19 pandemic. Columbia is committed to working with customers and our communities as we all attempt to navigate the new and continuing challenges posed by the COVID-19 pandemic.¹ Columbia applauds the Public Utilities Commission of Ohio ("Commission") for its proactive actions to address the reliability and affordability needs of customers during the pandemic.² Columbia is utilizing the tools available and the flexibility provided by the Commission to help customers through the pandemic. As the Governor and Dr. Acton frequently say, "We're in this together."

II. PROCEDURAL BACKGROUND

On February 28, 2020, Columbia filed its application to adjust its Riders IRP (Infrastructure Replacement Program) and Rider DSM (Demand Side Management) to recover costs for calendar year 2019. On March 6, 2020, the Commission issued an entry setting forth a procedural schedule in this proceeding. On March 20, 2020, several parties to this proceeding filed comments. Also, Staff conducted an audit of both Rider IRP and Rider DSM, and recommended the approval of Columbia's proposed Rider IRP and Rider DSM rates.³ On March 30, 2020, the Commission granted in part and denied in part Columbia's motion to extend the procedural schedule to accommodate more time for the parties to continue settlement discussions. However, after settlement discussions were unsuccessful, the Commission granted a bifurcation of the Rider IRP and Rider DSM cases. The Commission approved Columbia's proposed Rider IRP rate by Finding and Order on April 22, 2020. In that Entry, the Commission also approved the continuation of the existing Rider DSM rate until the conclusion of this portion of the bifurcated case. Pursuant to that Entry, the Parties filed testimony and other evidence on

¹ See <https://twitter.com/ColumbiaGasOhio>. See also <https://www.columbiagasohio.com/our-company/news-room/article/we-re-continuing-to-suspend-late-payment-charges-until-june-1> (last accessed on May 2, 2020).

² *In the Matter of the Proper Procedures and Process for the Commission's Operations and Proceedings During the Declared State of Emergency and Related Matters*, Case No. 20-591-AU-UNC; See also Direct Testimony of Jim Williams at 10-12, 15-16.

³ See Staff Comments and Recommendations at 10-11, 13 (March 20, 2020).

April 20, 2020 regarding Rider DSM, and Columbia hereby timely files its Merit Brief under the deadline set in the Entry.

III. 2019 DSM PROGRAM COST RECOVERY

Columbia will address all of the issues raised by the parties in this case. However, no party makes a serious run at any of Columbia's 2019 DSM costs. Even OCC's one paragraph poke at Columbia's correctly calculated shared savings mechanism,⁴ which mechanism was approved by the Commission in Columbia's *DSM Program Extension Case*,⁵ is halfhearted. The Staff Comments and Recommendations in this case demonstrate that Columbia prudently and appropriately incurred the 2019 costs for the DSM Program in 2019. The Staff explained its Comments and Recommendations (emphasis added):

Staff's audit included an examination of schedules, workpapers, confirmation of calculations and a prudence review to determine eligibility for recovery. Staff reviewed the Company's schedules and documents for completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff reviewed expense transactions for prudence and appropriateness for recovery, as well as to determine whether these transactions were truly incremental to the amount in base rates. Staff conducted this audit through a combination of interrogatories and document reviews and requested documentation as needed until they were either satisfied that the costs were substantiated or concluded that an adjustment was warranted...*Based upon its review, Staff finds that Columbia calculated its proposed Rider DSM rate accurately with no exceptions noted.* ... Staff has completed its audit of Columbia's DSM actual expenses, revenues, over/undercollections, and shared savings data and recommends: 1) approval of the proposed DSM rate of \$0.2013 per Mcf; and 2) due to the timing of the February filing, that Staff audit the October – December 2019 actual DSM expenditures during the 2020 annual audit.⁶

The Commission should not be distracted by the unsupported and tangential positions of the other Parties in this case.⁷ The Commission should promptly approve

⁴ Direct Testimony of Colleen Shutrump at 18.

⁵ *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of Demand-Side Management Programs for its Residential and Commercial Customers*, Case Nos. 16-1309-GA-UNC, *et al.*, Second Entry on Rehearing at 27 (April 10, 2019).

⁶ Staff Comments and Recommendations at 12-13.

⁷ Direct Testimony of Dave Rinebolt at 9.

Columbia's Application to recover its 2019 DSM Program⁸ costs and deny the intervenors other proposals to roll back or alter Columbia's Commission-approved DSM Program.

IV. ARGUMENT

A. The Law and Columbia's approved DSM Program

Ohio law recognizes the "consumer interest in energy efficiency and energy conservation" and announces that it is state policy to "[p]romote an alignment of natural gas company interests" with consumers' interests in DSM.⁹ Ohio law also directs the Commission to "initiate programs that will promote and encourage conservation of energy and a reduction in the growth rate of energy consumption, promote economic efficiencies, and take into account long-run incremental costs."¹⁰

The Commission, too, "has long recognized that conservation and efficiency should be an integral part of natural gas policy."¹¹ The Commission has consistently supported gas industry DSM programs that produce demonstrable benefits, reasonably balance total costs, and minimize the impact to non-participants are consistent with Ohio's economic and energy policy objectives.¹² Indeed, three (3) of the four (4) major gas utilities in Ohio currently have some form of a

⁸ As used in this brief, any reference to a DSM program or programs (lowercase p) refers to the individual DSM programs that, when combined, make up the total portfolio called the DSM Program (upper case P).

⁹ R.C. § 4929.02(A)(12); *DSM Program Extension Case*, Opinion and Order at 3, 62.

¹⁰ R.C. § 4905.70; *DSM Program Extension Case*, Opinion and Order at 3, 62.

¹¹ *DSM Program Extension Case*, Opinion and Order at 63, citing *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service*, Case No. 07-829-GA-AIR, Opinion and Order at 22-23 (Oct. 15, 2008).

¹² *DSM Program Extension Case*, Opinion and Order at 54, citing *Vectren 2005 DSM Case*, Opinion and Order (Sept. 13, 2006); *In re Dominion East Ohio*, Case No. 07-829-GA-AIR, et al., Opinion and Order (Oct. 15, 2008) at 22-23; *In re The Cincinnati Gas and Electric Co.*, Case No. 95-656-GA-AIR, Opinion and Order (Dec. 12, 1996); *2008 Distribution Rate Case*, Opinion and Order (Dec. 3, 2008) at 10; *Vectren 2005 DSM Case*, Supplemental Opinion and Order (June 27, 2007); *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 14-747-GA-RDR, Finding and Order (May 28, 2014).

natural gas DSM Program¹³ and historically all four (4) of the major gas utilities have had a natural gas DSM Program.¹⁴

OCC goes to great lengths (filing 3 separate pieces of testimony) to try to persuade the Commission to dismantle Columbia's entire DSM Program. Mr. Costello openly admits OCC's desired outcome is a permanent end to Columbia's DSM Program.¹⁵

Columbia's DSM Program consistently provides all of Columbia's customers a cost-effective Program that results in lower natural gas usage and bills as a result of the implementation of energy efficiency upgrades.¹⁶ The DSM programs also provide other benefits such as improved safety, reduced greenhouse gas emissions, a lower carbon footprint, and reduced water and electricity consumption.¹⁷ In particular, the Commission has recognized the safety benefits of the WarmChoice® program.¹⁸

The Commission has approved, and Columbia has managed, a comprehensive DSM Program since 2008.¹⁹ Indeed, "Columbia's initial DSM Program was cooperatively developed by Columbia, Staff, OCC and other interested stakeholders to include comprehensive energy efficiency programs for residential and commercial customers."²⁰ The Commission approved an extension in 2011, and most recently another extension in 2016.²¹ The 2016 extension was approved over the objections of OCC, even though OCC supported the creation of the DSM Program

¹³ See *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval to Continue Demand Side Management Program for its Residential, Commercial, and Industrial Customers*, Case No. 19-2084-GA-UNC; See also *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service*, Case Nos. 07-829-GA-AIR, *et al.*, Opinion and Order at 7 (October 15, 2008).

¹⁴ *In the Matter of the Complaint of Suburban Natural Gas Company v. Columbia Gas of Ohio, Inc.*, Case No. 17-2168-GA-CSS, Opinion and Order at 28-29, FN 12 (April 10, 2019).

¹⁵ Direct Testimony of Kenneth Costello at 3.

¹⁶ Direct Testimony of Andrew Metz at 3.

¹⁷ Direct Testimony of Andrew Metz at 11.

¹⁸ *DSM Program Extension Case*, Entry on Rehearing at 17. ("The Commission is gravely concerned that, without Columbia's WarmChoice® vendors finding and addressing the non-energy efficiency repairs, such repairs would not be made, adversely impacting the health and safety of household members."). See also Direct Testimony of Dave Rinebolt at 13.

¹⁹ *DSM Program Extension Case*, Opinion and Order at 4.

²⁰ *DSM Program Extension Case*, Opinion and Order at 4.

²¹ *DSM Program Extension Case*, Opinion and Order at 4.

just eight (8) years earlier, with the Commission unanimously adopting a Stipulation that extended Columbia's DSM Program for a six-year term.²² The underlying policy, legal, and factual underpinnings of the Commission-approved DSM Program have not changed.

B. The Commission should again soundly reject OCC's retread of its continued baseless attacks on Columbia's DSM Program.

Columbia acknowledges that the Commission's Second Entry on Rehearing in the *DSM Program Extension Case* stated "The Commission may also consider additions, revisions, or amendments to Columbia's DSM Program as a part of Columbia's DSM Program renewal application or the annual DSM rider proceedings."²³ However, OCC's advocacy is not simply for an addition, revision, or amendment. Rather OCC's position is a *termination* of Columbia's DSM Program. The Commission, as a threshold matter, should find that OCC's positions are outside the scope of what should be a simple, previous year's cost recovery proceeding.

Even if the Commission finds that OCC's arguments can be entertained, OCC's alleged solution to help customers ignores the Commission's support of Columbia's DSM Program, lacks crucial details and support, and is also presented in the wrong venue. The Commission should reject OCC's manipulation of the COVID-19 pandemic and inappropriate use of this case to accomplish a *policy* goal it could not accomplish three years ago.

1. The Commission should not substitute a bill payment assistance program for Columbia's WarmChoice® low-income weatherization program.

Columbia's WarmChoice® program is Columbia's oldest DSM program and has been serving customers since 1987.²⁴ Since that time, Columbia provided weatherization to over 70,000 customers.²⁵ In 2019, WarmChoice® served 1,938

²² Columbia's DSM Program has consistently won many awards for its outstanding individual programs. Recognition of Columbia's DSM Program continued again in 2019. Direct Testimony of Andrew Metz at 7.

²³ *DSM Program Extension Case*, Second Entry on Rehearing at 9.

²⁴ Direct Testimony of Dave Rinebolt at 12.

²⁵ Direct Testimony of Dave Rinebolt at 12.

households through a network of five community-based providers and their sub-contractors.²⁶

Customers receive a diagnostic energy and safety inspection and installation of attic, wall, floor, duct and pipe insulation, air and duct leakage sealing, and replacement of defective natural gas fueled water and/or space heating appliances, when needed.²⁷ All customers who received services through WarmChoice® received a quality assurance inspection by their WarmChoice® provider after all heating work was completed, and again after all weatherization work was completed.²⁸

Customers who receive weatherization through WarmChoice® experience significant savings on their energy bills.²⁹ Indeed, in the *DSM Program Extension Case*, the Commission directed Columbia and the DSM stakeholder group to discuss and collaborate on how more low income Columbia customers could be made aware of the WarmChoice® program, and that Columbia coordinate with the Heat-Share and Fuel Fund programs to inform customers about Columbia's energy efficiency programs.³⁰

Further, WarmChoice® customers receive significant safety checks to test for natural gas leaks as well as carbon monoxide issues.³¹ Inspectors “look for leaking gas pipes and fixtures, inspect furnaces to ensure they do not have a cracked heat exchanger which will vent carbon monoxide (“CO”) into the living area, and check the venting of combustion appliances to ensure there is no backdrafting of CO, which can result in death or sickness of residents of the home.”³² The Commission has recognized the safety benefits of the WarmChoice® program.³³ WarmChoice® customers also experience other positive health impacts from the weatherization services they receive.³⁴

²⁶ Direct Testimony of Andrew Metz at 3.

²⁷ Direct Testimony of Andrew Metz at 3.

²⁸ Direct Testimony of Andrew Metz at 3.

²⁹ Direct Testimony of Dave Rinebolt at 12.

³⁰ *DSM Program Extension Case*, Second Entry on Rehearing at 16.

³¹ Direct Testimony of Dave Rinebolt at 13.

³² Direct Testimony of Dave Rinebolt at 13.

³³ *DSM Program Extension Case*, Entry on Rehearing at 17. (“The Commission is gravely concerned that, without Columbia's WarmChoice® vendors finding and addressing the non-energy efficiency repairs, such repairs would not be made, adversely impacting the health and safety of household members.”). See also Direct Testimony of Dave Rinebolt at 13.

³⁴ Direct Testimony of Dave Rinebolt at 13.

OCC witness Jim Williams makes a sweeping proposal to repurpose \$14 million of low-income funding or WarmChoice® weatherization for bill payment assistance for customers.³⁵ Mr. Williams suggests the proposed bill payment assistance would be available to any Columbia customer with an income below 300% of the federal poverty line.³⁶ He also recommends that customers be eligible to receive the bill payment assistance once per year, with Percentage of Income Payment Plan (“PIPP”) customers eligible to receive up to \$150 and non-PIPP customers eligible to receive up to \$250.³⁷ Mr. Williams further explains that customers who receive the bill payment assistance would still be eligible for participation in other payment plans and assistance programs,³⁸ and that any repurposed funds not used for bill payment assistance should offset Columbia’s uncollectible expense rider.³⁹

Columbia first points out that Mr. Williams’ entire testimony has nothing to do with 2019 DSM Program cost recovery. Mr. Williams is silent as to Columbia’s prudent and reasonable 2019 costs for the DSM Program. Thus, his testimony should carry no weight as it is irrelevant to this case.

Further, Mr. Williams admits the DSM rider is a backwards looking rider and the funds to be collected in this case have already been spent.⁴⁰ Mr. Williams admits that, even if there is some repurposing of funds, that Columbia would not collect those funds from customers until 2021.⁴¹ There are no pre-collected funds available for the re-purposing that Mr. Williams proposes.⁴² And, finally, half of the funds (\$7.1 million)⁴³ for WarmChoice® are from Columbia’s base rates and the base rate funding for WarmChoice® is not at issue in this case. Mr. Williams’ suggestions should be rejected for these reasons alone.

Moreover, in *Columbia’s DSM Extension Case*, the Commission approved a Stipulation that, *as a package*, benefits ratepayers and the public interest.⁴⁴ The Commission approved a package of individual programs within Columbia’s DSM

³⁵ Direct Testimony of Jim Williams at 5-6.

³⁶ Direct Testimony of Jim Williams at 6, 21-23.

³⁷ Direct Testimony of Jim Williams at 6, 24.

³⁸ Direct Testimony of Jim Williams at 7, 24.

³⁹ Direct Testimony of Jim Williams at 7, 28-29.

⁴⁰ Direct Testimony of Jim Williams at 29.

⁴¹ Direct Testimony of Jim Williams at 29.

⁴² Direct Testimony of Dave Rinebolt at 9.

⁴³ Direct Testimony of Jim Williams at 29.

⁴⁴ *DSM Program Extension Case*, Opinion and Order at 59.

Program, as part of a settled package among the signatory parties to the Stipulation. The Commission should not disturb the carefully crafted package of programs, which includes the WarmChoice® program, approved in the *DSM Program Extension Case*.

Mr. Williams' testimony also lacks so many critical details that it is impossible to actually judge the value of his recommendations, including:

- A lack of evidence explaining how or why the Commission's aggressive tackling of COVID-19, in conjunction with existing mechanisms and public utility efforts, is insufficient to help customers.⁴⁵
- No consideration given to, or description of, any Columbia back office, information technology, or other mechanical implementation items that need to be figured out. There are no details around costs or timing to implement what Mr. Williams proposes.
- No recommendation as to how the bill payment assistance should be managed. Mr. Williams provides options but never provides a recommendation.⁴⁶ He also has no input in his testimony as to whether he had any contact to see if those agencies could implement what he suggests.
- A quantitatively and qualitatively unsupported eligibility requirement (up to 300% of federal poverty guidelines).⁴⁷
- Insufficient explanation or rationale for how Mr. Williams came to the proposed \$150 and \$250 rebate amounts.
- How to take care of the roughly 150 direct employees of the WarmChoice® Program as well as other Ohioans who would lose their jobs if his recommendation is adopted.⁴⁸

OPAE witness Dave Rinebolt perhaps said it best in his Direct Testimony: "Simply throwing money at a problem will not put customers on individualized

⁴⁵ Direct Testimony of Jim Williams at 19-21.

⁴⁶ Direct Testimony of Jim Williams at 24-26. *See also* Direct Testimony of Dave Rinebolt at 17-18.

⁴⁷ Direct Testimony of Jim Williams at 22-23

⁴⁸ Direct Testimony of Dave Rinebolt at 14. ("DSM programs also provide jobs. WarmChoice® alone supports roughly 150 direct jobs. Other programs also support auditors, installers, and manufacturers, along with a supply chain of large and small wholesalers and manufacturers. One of the critical elements of recovering from this pandemic will be putting people back to work. Eliminating programs that provide stable employment is not in the best interest of Ohio.")

paths to emerge from this emergency situation with no debt. Careful planning that coordinates available payment assistance, rate options, arrearage management, and repayment plans can get most customers current with their utility at the lowest possible cost. This is a complex issue that will require well-designed policies to maximize benefits at the minimum cost through a balanced approach.”⁴⁹

This narrow docket is not the right venue to attempt to impose such a complex solution during such an uncertain time.

2. The Commission should not end Columbia’s DSM programs for *non-low-income* customers

OCC also presented the testimony of Ms. Colleen Shutrump. Ms. Shutrump recommends the Commission suspend Columbia’s DSM programs for non-low-income customers and also opposes the Commission-approved shared savings mechanism as it is applied for Columbia in 2019.⁵⁰ Ms. Shutrump continues on to incorrectly advocate that non-low-income DSM programs for gas utilities have outlived their usefulness, non-low-income programs are not needed because of low natural gas commodity prices and competition in the market for energy efficiency products and services, and Columbia’s non-low-income DSM programs are not cost effective when using the OCC’s preferred discount rate.⁵¹ Ms. Shutrump also wraps all of these arguments up in a COVID-19 flag.⁵²

In Columbia’s DSM Extension Case, the Commission approved a Stipulation that, *as a package*, benefits ratepayers and the public interest.⁵³ The Commission approved a package of individual programs within Columbia’s DSM Program, as part of a settled package among the signatory parties to the Stipulation. The Commission should not disturb the carefully crafted package of programs and other provisions, which includes all the individual non-low-income programs, approved in the *DSM Program Extension Case*.

Moreover, the Commission previously addressed the issues that Ms. Shutrump raises.

⁴⁹ Direct Testimony of Dave Rinebolt at 16.

⁵⁰ Direct Testimony of Colleen Shutump at 3-4, 18.

⁵¹ Direct Testimony of Shutrump at 5-7.

⁵² Direct Testimony of Colleen Shutrump at 4-5, 7-11.

⁵³ *DSM Program Extension Case*, Opinion and Order at 59.

OCC advocates that Columbia's DSM Program, as well as its individual DSM programs, are not cost effective and that Columbia should be using its currently authorized rate of return as its discount rate to judge cost effectiveness of Columbia's total DSM Program as well as the individual programs.⁵⁴ Columbia continues to correctly apply the cost-effectiveness methodology, including the discount rate, approved by the Commission in the *DSM Program Extension Case*.⁵⁵ The Commission specifically rejected adopting an 8.12% discount rate proposed by OCC in 2016.⁵⁶ The Commission also accepted certain individual DSM programs (WarmChoice®, Home Performance Solutions, Residential Energy Efficiency Education for Students, EPA Portfolio Manager, and Online Energy Audit) that OCC continues to criticize.⁵⁷ Specifically, as to the non-low-income programs, the Commission found some of those programs provide benefits as part of the package approved in the Stipulation regardless of their cost-effectiveness, pointing out their value as an avenue to communicate with and educate the energy consumer and to encourage energy conservation.⁵⁸ OCC merely recycles old arguments that the Commission previously rejected. The Commission should again reject those arguments.

Ms. Shutrump goes on to assert that low natural gas prices make Columbia's DSM Program less cost-effective.⁵⁹ The Commission addressed this same issue in the *DSM Program Extension Case*.⁶⁰ The Commission observed "while the current low price of natural gas is unlikely to incent a customer to install or implement energy conservation measures, such programs need to be continuously encouraged," noting that at times of low natural gas prices DSM programs should be encouraged given that customers may have money to invest in energy efficiency measures.⁶¹ The Commission further noted certain of Columbia's DSM programs involve measures that provide long-term energy conservation benefits that may accrue over decades, and the period of low gas prices may present a particularly appropriate time to encourage and incentivize customer participation through the DSM programs.⁶² Additionally, the high or volatile natural gas prices

⁵⁴ Direct Testimony of Colleen Shutrump at 15-18.

⁵⁵ *DSM Program Extension Case*, Second Entry on Rehearing at 22-23; *DSM Program Extension Case*, Opinion and Order at 46.

⁵⁶ *DSM Program Extension Case*, Opinion and Order at 41-42, 56-57.

⁵⁷ *DSM Program Extension Case*, Second Entry on Rehearing at 18.

⁵⁸ *DSM Program Extension Case*, Second Entry on Rehearing at 18.

⁵⁹ Direct Testimony of Colleen Shutrump at 13-15.

⁶⁰ *DSM Program Extension Case*, Opinion and Order at 54.

⁶¹ *DSM Program Extension Case*, Opinion and Order at 54.

⁶² *DSM Program Extension Case*, Opinion and Order at 54.

that led to the creation of Columbia's DSM Program can return quickly. For example, in Vectren Energy Delivery Ohio's recent rate case, the Commission described the value of gas energy efficiency programs due to the historic volatility of natural gas commodity prices and pointed out that commodity prices can vary over time.⁶³ OCC's witness Costello also agrees that gas prices have varied dramatically over time.⁶⁴

Finally, Ms. Shutrump takes aim at Columbia's shared savings incentive for 2019.⁶⁵ OCC claims, because Columbia used the incorrect discount rate, that Columbia's programs are not cost effective and therefore Columbia cannot have any shared savings in 2019.⁶⁶ The Commission should reject OCC's attempt to again attack shared savings incentives⁶⁷ that the Commission previously approved.⁶⁸ Columbia's independent witness Scott Pigg verified that Columbia correctly calculated its shared savings incentive for 2019.⁶⁹ The Staff also found no issues with Columbia's shared savings calculation. Shared savings again played its purpose to incent Columbia to exceed its savings targets. The Commission should affirm Columbia's 2019 shared savings incentive, as approved in the stipulation in the *DSM Program Extension Case*.

3. The Commission should reject OCC's proposal to terminate the DSM Program.

OCC also submitted the testimony of Kenneth Costello. Mr. Costello suggests the Commission either eliminate the DSM Program in its entirety or at least significantly scale it down.⁷⁰ Mr. Costello also supports OCC's proposal to re-purpose WarmChoice program funding.⁷¹ Mr. Costello goes on to support his views

⁶³ *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates*, Case Nos. 18-298-GA-AIR, *et al.*, Second Entry on Rehearing at 5-6 (December 4, 2019).

⁶⁴ Direct Testimony of Kenneth Costello at KWC-2, Page 2 of 6.

⁶⁵ Direct Testimony of Colleen Shutrump at 18.

⁶⁶ Direct Testimony of Colleen Shutrump at 18.

⁶⁷ *DSM Program Extension Case*, Opinion and Order at 51.

⁶⁸ *DSM Program Extension Case*, Opinion and Order at 59.

⁶⁹ Direct Testimony of Scott Pigg at 2-3.

⁷⁰ Direct Testimony of Kenneth Costello at 3.

⁷¹ Direct Testimony of Kenneth Costello at 4.

by noting the General Assembly ended funding for electric energy efficiency programs and through allegations of lack of system-wide benefits for consumers by natural gas energy efficiency programs.⁷²

For all the reasons previously described, the Commission should reject the recommendations of Mr. Costello. The Commission has “long-recognized that conservation and energy efficiency should be an integral part of natural gas policy. The Commission has recognized that DSM program designs that are cost-effective, produce demonstrable benefits, and produce a reasonable balance between reducing total costs and minimizing impacts on non-participants are consistent with Ohio’s economic and energy policy objectives.”⁷³ There are no legal, policy, or factual reasons to end, scale back, repurpose, or even modify Columbia’s approved DSM Program. The Commission should reject OCC’s attempts to end Columbia’s DSM Program and promptly approve Columbia’s Application in this case.

C. The Commission should reject Suburban Natural Gas Company’s re-tread of its Complaint case against Columbia.

Suburban filed testimony that is already very familiar to the Commission. In 2017, Suburban filed a Complaint that the Commission denied in its entirety,⁷⁴ and that is now on appeal to the Ohio Supreme Court. Suburban filed in this case the testimony of David Pemberton, Sr., who again (like the *Suburban Complaint Case*) takes aim at Columbia’s implementation of its Commission-approved EfficiencyCraftedSM Homes program. As demonstrated below, the Commission should come to the same conclusion and summarily reject all of Suburban’s arguments.

Mr. Pemberton asserts in his testimony that Suburban is not challenging the fact that Columbia has a builder incentive program or contending that its approved builder incentive program in its DSM Program should be eliminated.⁷⁵ Instead, “Suburban is requesting that the PUCO find that Columbia is implementing its builder incentive program improperly and unlawfully, beyond the authority granted to it. Suburban is asking the PUCO to prohibit Columbia from using the

⁷² Direct Testimony of Kenneth Costello at 4-5.

⁷³ *DSM Program Extension Case*, Opinion and Order at 63 (citing *In re Dominion East Ohio*, Case No. 07-829-GA-AIR, et al., Opinion and Order (Oct. 15, 2008) at 22-23).

⁷⁴ *In the Matter of the Complaint of Suburban Natural Gas Company v. Columbia Gas of Ohio, Inc.*, Case No. 17-2168-GA-CSS, Opinion and Order (April 10, 2019) (hereinafter, “*Suburban Complaint Case*”).

⁷⁵ Direct Testimony of David Pemberton at 17.

builder incentive program as a competitive tool for purposes of expanding its “service territory” to limit the use of the builder incentive program as part of Columbia’s DSM Program to homes located within Columbia’s service territory as approved by the PUCO.”⁷⁶

There are no material changes to the EfficiencyCraftedSM Homes program in this proceeding since the *Suburban Complaint Case*. As explained by Columbia witness Metz:⁷⁷

Columbia contracted with ICF Resources, LLC (“ICF”) in 2019 to implement the EfficiencyCraftedSM Homes program. This program provides incentives 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 partners with AEP Ohio when both utilities serve the same customer. Program staff performed outreach to recruit and enroll new homebuilders and home energy rating companies. During 2019, 59 homebuilders and 12 home energy rating companies submitted or received rebates, representing a mix of both returning and newly recruited participants. In 2019, 3,163 homes with an average Home Energy Rating System (“HERS”) score of 60 were built to program standards (519 were ENERGY STAR[®] Certified) and received incentives. During 2019, 4,505 homes enrolled in the program including the 3,163 completed homes. This program received the United States Environmental Protection Agency ENERGY STAR[®] Partner of the Year - Sustained Excellence award for Energy Efficiency Program Delivery in 2019 and a 2019 ENERGY STAR[®] Certified Homes Market Leader Award.

Nothing has changed that warrants any different outcome than the *Suburban Complaint Case*.

The thrust of the Commission’s orders in the *Suburban Complaint Case* address and refute all of Mr. Pemberton’s testimony in this case. Specifically, as compared to Mr. Pemberton’s testimony in this case, the Commission found that:

- (Pemberton Direct Testimony at 7-10) - There are no certified gas service territories in Ohio and any certified natural gas company may serve any customer in any part of the state.⁷⁸ Ohio’s statutes permit competition

⁷⁶ Direct Testimony of David Pemberton at 17.

⁷⁷ Direct Testimony of Andrew Metz at 4-5.

⁷⁸ *Suburban Complaint Case*, Opinion and Order at 26; Second Entry on Rehearing at 14-15.

and the rules of the Commission and of the Federal Energy Regulatory Commission “positively encourage” competition.⁷⁹

- (Pemberton Direct Testimony at 7-10) – While Columbia used the term “service territory” when applying for approval of the extension of its DSM Program, that did not limit the geographic area where Columbia could offer its EfficiencyCraftedSM Homes program. Columbia’s Applications, nor did the Commission’s Orders, distinguish between Columbia’s “service territory” and the “service territory” of other natural gas providers.⁸⁰
- (Pemberton Direct Testimony at 7-10) – Any development whereby Columbia will be providing natural gas distribution service is eligible to participate in the EfficiencyCraftedSM Homes program.⁸¹ And a “service territory” may constantly change due to the fact that natural gas providers are not guaranteed a certified territory.⁸²
- (Pemberton Direct Testimony at 11-12) - Columbia is permitted to offer its EfficiencyCraftedSM Homes program to compete against other natural gas companies for developments.⁸³ The Commission also labeled Suburban’s argument “nonsensical” that it is illegal for Columbia to offer EfficiencyCraftedSM Homes rebates to a developer in an area where another natural gas company wishes to serve.⁸⁴
- (Pemberton Direct Testimony at 11-16) - There is no indication that Columbia has deployed its EfficiencyCraftedSM Homes program in an abusive or anti-competitive manner in order to expand its service territory.⁸⁵
- (Pemberton Direct Testimony at 16) – Consistent with promoting full and fair competition in natural gas providers, there is nothing preventing Suburban from requesting implementation of a comparable DSM

⁷⁹ *Suburban Complaint Case*, Opinion and Order at 26.

⁸⁰ *Suburban Complaint Case*, Opinion and Order at 30; Second Entry on Rehearing at 9.

⁸¹ *Suburban Complaint Case*, Opinion and Order at 30;

⁸² *Suburban Complaint Case*, Opinion and Order at 30.

⁸³ *Suburban Complaint Case*, Second Entry on Rehearing at 9; Opinion and Order at 32.

⁸⁴ *Suburban Complaint Case*, Second Entry on Rehearing at 9.

⁸⁵ *Suburban Complaint Case*, Opinion and Order at 32.

program.⁸⁶ Suburban was encouraged make such a request once it remediated several deficiencies in its last application for its own energy efficiency program.⁸⁷

- (Pemberton Direct Testimony at 12-16) - Suburban did not meet its burden of proof related to the Glenross South⁸⁸ development or any other development.

The Commission should again reject Suburban's incorrect interpretations of Ohio law, the Commission's orders, Columbia's approved EfficiencyCraftedSM Homes program, and the facts.

D. The arguments of the Environmental Law and Policy Center ("ELPC") should be rejected by the Commission. Instead, the Commission should affirmatively find that Columbia has satisfied the Commission's directive to attempt to implement a consolidated smart thermostat rebate program and release Columbia from any further required efforts towards that goal.

ELPC submitted a packet of Columbia's discovery responses (hereinafter "*Discovery Packet*") for the Commission's consideration in this case. ELPC did not submit any comments in this case, nor did it submit any testimony. ELPC in essence attempts to make its case through a discovery submittal. Columbia hereby responds as best it can through anticipating what ELPC may argue in this case.

In the *DSM Program Extension Case*, the Commission affirmed the \$75 smart thermostat rebate amount set in the Stipulation.⁸⁹ However, the Commission ordered Columbia to attempt to work with the two electric distribution utilities also serving Columbia customers, as well as competitive natural gas and electric suppliers, to implement a single consolidated smart thermostat rebate process.⁹⁰ The Commission also ordered Columbia to provide an update on the consolidated rebate process in its annual rider update cases.⁹¹

⁸⁶ *Suburban Complaint Case*, Second Entry on Rehearing at 9.

⁸⁷ *Suburban Complaint Case*, Opinion and Order at 31; Second Entry on Rehearing at 9.

⁸⁸ *Suburban Complaint Case*, Opinion and Order at 30, 35.

⁸⁹ *DSM Program Extension Case*, Opinion and Order at 36.

⁹⁰ *DSM Program Extension Case*, Second EOR at 11-12, 29-30; *DSM Program Extension Case*, Opinion and Order at 36. See also Direct Testimony of Melissa L. Thompson at 4-5.

⁹¹ *DSM Program Extension Case*, Second Entry on Rehearing at 11-12.

Columbia, through the Direct Testimony of Melissa L. Thompson filed in this case, provided the required update on the consolidated smart thermostat rebate process. Ms. Thompson explained that Columbia held numerous meetings (June 19, 2019; July 31, 2019; September 18, 2019; October 23, 2019; and December 10, 2019) and invited Ohio Power Company, FirstEnergy Corporation, the Commission Staff, the Office of the Ohio Consumers' Counsel, all parties from Case Nos. 16-1309-GA-UNC, *et al.* (which includes ELPC), competitive retail electric supply ("CRES") providers, and competitive retail natural gas supply ("CRNGS") providers to work through and finalize a consolidated smart thermostat rebate process.⁹² The *Discovery Packet* (specifically at pages 2-5 of the PDF) also contains numerous details on the meetings, surveys, and responses Columbia received during this period.

To date, Ohio Power Company and the FirstEnergy Corporation have declined to participate in a consolidated smart thermostat rebate process.⁹³ Likewise, to date, Columbia has not received notice from any CRES or CRNGS that is interested in currently pursuing a consolidated smart thermostat rebate process.⁹⁴

Columbia anticipates that ELPC may argue that Columbia should have done more to move forward a consolidated smart thermostat rebate process. Columbia cannot create a market or demand where none exists. Both Ohio Power Company and the FirstEnergy companies are winding down their energy efficiency programs.⁹⁵ There is no smart thermostat rebate program to coordinate with the electric utilities. Further, the CRES and CRNGS providers have similarly shown no interest in a consolidated smart thermostat rebate program. As shown by Ms. Thompson's testimony and the *Discovery Packet*, Columbia has certainly put forth a good faith effort to explore a consolidated smart thermostat rebate program.

Regardless, Columbia customers are still receiving the benefits of Columbia's smart thermostat program. Columbia rebated 14,714 smart thermostats in

⁹² Direct Testimony of Melissa L. Thompson at 4-5.

⁹³ Direct Testimony of Melissa L. Thompson at 5.

⁹⁴ Direct Testimony of Melissa L. Thompson at 5.

⁹⁵ *In the Matter of the Application of Ohio Power Company for Approval of its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2017-2020*, Case No. 16-574-EL-POR, Finding and Order (February 26, 2020).

2019,⁹⁶ an increase of 2,955 from 2018.⁹⁷ “Columbia also partnered with Google Nest, Emerson, Honeywell 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.”⁹⁸ The Simple Energy Solutions program, of which smart thermostats is a component, is cost-effective and award winning.⁹⁹ Columbia’s current smart thermostat rebate program reasonably serves the demand of all of Columbia’s residential customers. Additional efforts to coordinate a consolidated smart thermostat rebate program would be an inefficient use of DSM Program resources.

Therefore, Columbia asks the Commission to affirmatively find that Columbia has satisfied the Commission’s requirements from the Opinion and Order and the Second Entry on Rehearing in *DSM Program Extension Case* related to attempting to implement a consolidated smart thermostat rebate program and release Columbia from any further required efforts towards that goal.

E. Clarification of previous Commission Orders regarding the scope of the annual Rider DSM review.

As previously noted, Columbia acknowledges that the Commission’s Second Entry on Rehearing in the *DSM Program Extension Case* stated “The Commission may also consider additions, revisions, or amendments to Columbia’s DSM Program as a part of Columbia’s DSM Program renewal application or the annual DSM rider proceedings.”¹⁰⁰ However, Columbia asks the Commission to clarify what it will *not* consider in the Rider DSM update proceedings.

The annual rider update proceedings are intended to be a review of the prudence of the previous year’s costs. In this proceeding, the Staff found no issues with any of Columbia’s 2019 costs and no Party (except OCC’s half-hearted narrow arguments regarding shared savings) disputes the prudence or reasonable-

⁹⁶ Direct Testimony of Andrew Metz at 5.

⁹⁷ Columbia rebated 11,759 smart thermostats in 2018. See *In the Matter of the Annual 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 at 9 (April 24, 2019).

⁹⁸ Direct Testimony of Andrew Metz at 5.

⁹⁹ Direct Testimony of Andrew Metz at 5.

¹⁰⁰ *DSM Program Extension Case*, Second Entry on Rehearing at 9.

ness of Columbia's 2019 costs for the DSM Program. It is one thing for the Commission to consider new ideas about program delivery; however, the Second Entry on Rehearing's invitation is being exploited by some of the intervenors in this case.

The Commission gave an inch and certain intervenors took a mile. The Commission should make clear in its Order in this case that it will not allow re-litigation of policy, legal, and factual issues already decided in the *DSM Program Extension Case*, any previous Rider DSM update case, or any other relevant case when Columbia brings its future Rider DSM (and Rider IRP) update cases. Utilizing simple rider adjustment cases in the manner of certain intervenors is unfair and a waste of the valuable time and resources of all Parties as well as the Commission and its Staff.

V. CONCLUSION

For the reasons explained above, the Commission should promptly approve Columbia's Application to recover its 2019 DSM Program costs.

Respectfully submitted by,

COLUMBIA GAS OF OHIO, INC.

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/s/ Joseph M. Clark

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Summary: Brief of Columbia Gas of Ohio, Inc. electronically filed by Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.