

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR APPROVAL OF AN ADJUSTMENT
TO ITS ENERGY EFFICIENCY FUNDING
RIDER RATE.

CASE NO. 20-640-GA-RDR

FINDING AND ORDER

Entered in the Journal on June 17, 2020

I. SUMMARY

{¶ 1} The Commission approves the application of Vectren Energy Delivery of Ohio, Inc. to adjust its energy efficiency funding rider.

II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. (VEDO or Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, VEDO is subject to the jurisdiction of this Commission.

{¶ 3} On January 7, 2009, the Commission approved a stipulation and recommendation (Stipulation) that, among other things, provided for the creation of an energy efficiency funding rider (EEFR), originally set at zero, which would be used to fund the Company's energy efficiency programs. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al. (2007 Rate Case), Opinion and Order (Jan. 7, 2009). The Stipulation mandated that the Company submit an application to establish an EEFR charge to provide funding for VEDO's low-income weatherization program for customers whose income is between 200 percent and 300 percent of poverty level. The Stipulation also directed that the EEFR charge be calculated based on funding approved by VEDO's Demand Side Management (DSM) Collaborative to be expended over the subsequent 12-month period, with any variation between actual recoveries and intended recoveries being included in a subsequent EEFR rate. Additionally, the Stipulation specified that any application to establish or adjust the EEFR charge would be considered an application to establish a charge and not an application to increase rates.

{¶ 4} As contemplated by the Stipulation in the *2007 Rate Case*, the EEFR rate has been adjusted annually. On August 26, 2009, the Commission approved VEDO's initial EEFR rate of \$0.00320 per hundred cubic feet (Ccf) for the 12-month period beginning January 1, 2010. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 09-254-GA-ATA, Finding and Order (Aug. 26, 2009). More recently, on June 19, 2019, the Commission approved the Company's application, as supplemented, to adjust its EEFR rate to \$0.00499 per Ccf. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 19-779-GA-RDR, Finding and Order (June 19, 2019). Subsequently, however, the Commission issued an Opinion and Order in VEDO's gas distribution rate case adopting a stipulation and recommendation directing the removal of all energy efficiency (EE) funding from the Company's base rates and, instead, funneling recovery of all such approved expenses through the EEFR. *In re the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates*, Case No. 18-298-GA-AIR, et al. (*2018 Rate Case*), Opinion and Order (Aug. 28, 2019) at ¶¶ 53, 125. On August 29, 2019, in accordance with the Opinion and Order in the *2018 Rate Case*, VEDO filed final tariffs establishing the current EEFR rate at \$0.01809 per Ccf.

{¶ 5} On March 31, 2020, VEDO filed the current application requesting an adjustment to the EEFR rate. The Company proposes a decrease from the current rate of \$0.01809 per Ccf to \$0.01630 per Ccf, a difference of \$0.00179 per Ccf, as shown below:

Current Rate	Proposed Rate	Proposed Decrease
\$0.01809 per Ccf	\$0.01630 per Ccf	\$0.00179 per Ccf

According to VEDO, this proposed rate is consistent with the Company's 2020 DSM Operating Plan and the Collaborative's approval of that plan. Further, VEDO represents that the rate reconciles actual and intended EEFR recoveries, the support for and calculation of which is demonstrated in an attachment to the application.

{¶ 6} On April 13, 2020, the Ohio Consumers' Counsel (OCC) filed a motion to intervene in this case. No party opposed this motion, and the Commission finds that the motion to intervene is reasonable and should be granted.

{¶ 7} On May 29, 2020, Staff filed comments regarding VEDO's proposed EEFR adjustment. Staff clarifies that the proposed decrease to the EEFR is based on the Company's actual EEFR recovery through December 2019 and forecasted recoveries through December 2020. Staff states that its audit of the application, conducted through document reviews and interrogatories, consisted of an analysis of the incurred costs and calculations to verify the accuracy of the revenue requirement calculation. Although Staff notes that the costs proposed to be recovered through the EEFR are subject to further review in order to evaluate prudence and appropriateness for recovery, Staff agrees with VEDO's proposed rate adjustment at this time. Accordingly, Staff recommends that the proposed rate of \$0.01630 per Ccf be approved.

{¶ 8} On June 12, 2020, OCC filed comments urging the Commission to deny VEDO's application and to amend VEDO's EE programs to address the coronavirus pandemic's impact by repurposing money from those programs to direct bill assistance. Citing to the Commission's March 20, 2020 Entry in Case No. 20-591-AU-UNC, *In re the Proper Procedures and Process for the Commission's Operations and Proceedings During the Declared State of Emergency and Related Matters*, OCC notes that VEDO's low-income weatherization and multifamily direct install programs are suspended, yet VEDO's customers must continue to pay for those programs through the EEFR. OCC insists that "this money," presumably referring to EE funds, should be put to better use in the form of direct bill payment assistance. Continuing, OCC states that VEDO's proposed EEFR charges are not appropriate because the Company's projections are unreasonably high based on a review of the current status of the programs and reasonable estimates of future spending. Here, OCC indicates that, based on the Commission's June 3, 2020 Finding and Order in Case No. 20-649-GA-UNC, *In re Motion of Vectren Energy Delivery of Ohio, Inc. to Suspend Certain Procedures and Process During the Declared State of Emergency and Related Matters*, the

majority of VEDO's EE programs will have been suspended for five months or more before they resume, yet the Company's application does not project reduced spending for any of the programs. OCC believes that, at a minimum, the projected costs to be recovered through the EEFR should reflect that suspension in programming.

{¶ 9} The Commission has reviewed VEDO's application, the attachments to the application, and the comments filed by Staff and OCC. Upon that review, the Commission finds VEDO's proposal to downwardly adjust the EEFR rate to be reasonable and in the public interest. Regarding OCC's criticisms, the Commission notes that the focus of this proceeding is the appropriate EEFR rate—not the architecture of VEDO's EE programs. Thus, OCC's comments as they relate to altering the Company's EE programs are misplaced in this docket and would be better addressed in the context of VEDO's application for approval to continue its DSM programs. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 19-2084-GA-UNC. Further, as stated in the approved Stipulation in the *2007 Rate Case*, "the EEFR charge shall, in all cases, be calculated based on the Collaborative-approved funding to be expended over the subsequent 12-month period, with any variation between actual recoveries and intended recoveries being included in a subsequent EEFR rate." *2007 Rate Case*, Stipulation (Sep. 8, 2008) at 7. Thus, OCC's worries that the projected costs for 2020 are unreasonably high given the suspension of EE programs caused by coronavirus protocols are sufficiently addressed by the EEFR mechanism itself: to the extent that forecasted recoveries are incorrect, they will be trued-up in the Company's subsequent EEFR rate adjustment. Furthermore, as noted within Staff's comments, the costs VEDO proposes to recover through the EEFR remain subject to a prudence and reasonableness review. And, should the Commission ultimately determine the expenditures recovered through the EEFR are unlawful, unreasonable, or imprudent, the EEFR is subject to reconciliation, including refunds. In short, the Commission concludes that OCC's comments are either misplaced in this docket or are subsumed by the mechanisms in place to calculate and reconcile the EEFR charge at issue. Accordingly, the Commission finds that

VEDO's application to adjust its EEFR rate to \$0.01630 per Ccf should be approved, and the Company should file final tariffs consistent with this Finding and Order.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That OCC's motion to intervene be granted. It is, further,

{¶ 12} ORDERED, That VEDO's application to adjust its EEFR to \$0.01630 per Ccf be approved. It is, further,

{¶ 13} ORDERED, That VEDO be authorized to file two complete copies of tariffs in final form consistent with this Finding and Order. VEDO shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 14} 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,

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

{¶ 16} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

PAS/hac

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6/17/2020 2:33:03 PM

in

Case No(s). 20-0640-GA-RDR

Summary: Finding & Order approving the application of Vectren Energy Delivery of Ohio, Inc. to adjust its energy efficiency funding rider. electronically filed by Kelli C King on behalf of The Public Utilities Commission of Ohio