

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren :
Energy Delivery of Ohio, Inc. for Approval :
to Continue Demand Side Management : Case No. 19-2084-GA-UNC
Program for its Residential, Commercial, :
and Industrial Customers. :

**POST-HEARING BRIEF
SUBMITTED ON BEHALF OF THE STAFF OF THE
PUBLIC UTILITIES COMMISSION OF OHIO**

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INTRODUCTION

VEDO's current demand side management (DSM) programs and energy efficiency funding rider (EEFR) recovery mechanism were approved by the Commission as part of the Company's 2007 Rate Case. In re Vectren Energy Delivery of Ohio, Inc., Case No. 07-1080-GA-AIR, et al. (Opinion and Order) (Jan. 7, 2009). As part of the Company's 2018 Rate Case, the Commission approved a stipulation that removed all EE funding from base rates, and provided all approved EE expenses would be recovered through the EEFR, subject to application and approval. In re Vectren Energy Delivery of Ohio, Inc., Case No. 18-298-GA-AIR, et al. (2018 Rate Case), Opinion and Order (Aug. 28, 2019).

On November 22, 2019, VEDO filed an application requesting that the Commission grant authority to continue offering its Demand Side Management (DSM) Energy Efficiency (EE) Programs. Specifically, the application sought approval of a three-year Gas DSM Program Plan (Plan) for calendar years 2021 through 2023. The Plan proposed a number of refinements and modifications.

On March 6, 2020, Staff filed its Review and Recommendation (Staff Report) regarding VEDO's application. Staff found that the Company provided sufficient information to support that the program portfolio is cost-effective using both the Total Resource Cost (TRC) Test and Utility Cost Test (UCT). Consequently, Staff concluded that the application, with one exception, should be approved. Staff recommended that the proposed shared savings incentive not be approved, finding that the Company had not

sufficiently demonstrated why a shared savings incentive was necessary to achieve the benefits of the program or to achieve savings in excess of projections.

On June 26, 2020, a number of parties agreed to and filed a Stipulation and Recommendation (Stipulation). Those parties included VEDO, Ohio Partners for Affordable Energy (OPAE), the Environmental Law and Policy Center (ELPC), and Staff (Signatory Parties). Interstate Gas Supply, Inc. (IGS) did not oppose, but did not sign, the Stipulation. The Retail Energy Supply Association (RESA) took no position on the Stipulation. The Office of the Ohio Consumers' Counsel (OCC) alone opposes the Stipulation.

The Stipulation requests that the application be approved as filed, subject to the findings and recommendations contained in the Staff Report. In addition, the Signatory Parties agreed to certain other Plan modifications, including eliminating the budgeted funding for the Multi-Family Direct Install (MFDI) program, and specifying certain processes for evaluation, measurement, and verification of the DMS programs, and for information sharing with the VEDO Collaborative.

DISCUSSION

The Commission's rules authorize parties to enter into stipulations. Ohio Admin. Code § 4901-1-30. In evaluating a stipulation, the Commission applies its familiar three-pronged test. Under this test, the Commission reviews a stipulation to determine whether (1) it is the product of serious bargaining among capable, knowledgeable parties; (2) as a package, it benefits ratepayers and the public interest; and (3) it violates any important

regulatory principle or practice. Staff respectfully submits that the Stipulation satisfies all three prongs of this test, and requests that it be approved as filed.

1. The stipulation is the product of serious bargaining among capable, knowledgeable parties.

This criterion was obviously satisfied. In considering whether there was serious bargaining among capable and knowledgeable parties, the Commission evaluates the level of negotiations that appear to have occurred and takes notice of the experience and sophistication of the negotiating parties. The diversity of the parties, while important, does not determine whether this criterion is satisfied.

The Signatory Parties represent a diversity of interests. Those interests included the company, environmental, and low-income representatives. Moreover, the Signatory Parties representing those interests have been actively involved in regulatory matters before the Commission for many years. The Signatory Parties have time and again demonstrated their capacity to grasp, evaluate, make recommendations on and help to even resolve the many complex issues considered by this Commission.

It is equally without question that the Signatory Parties are knowledgeable. These parties have participated in numerous regulatory proceedings before the Commission. Each party that signed the settlement was represented by counsel who amply and ably advocated their respective interests.

The bargaining among the Signatory Parties was serious in both process and result. VEDO witness Harris established that there had been numerous negotiating sessions, and that all parties were invited to attend and participate. VEDO Ex. 2 at 7-8. A

great deal of serious bargaining occurred for the parties to reasonably settle their differences. OCC's witnesses offered no opinion on the "seriousness" of the bargaining process. The uncontroverted evidence of record demonstrates that serious bargaining did occur between capable and knowledgeable parties. The first prong of the Commission's test for approval of stipulations is clearly satisfied.

2. The settlement as a package benefits ratepayers and the public interest.

The Stipulation benefits ratepayers and is in the public interest. Company witness Harris listed a number of ways in which the public interest will be benefitted, including:

- 1) Advancing the natural gas policies embedded in Ohio law and recognized by the Commission;
- 2) Allowing for the uninterrupted continuation of VEDO's successful, cost-effective voluntary natural gas EE programs;
- 3) Encouraging VEDO's natural gas customers, including lower-income customers, to engage in more energy efficient behavior and invest in more energy efficient products to decrease their natural gas usage, reduce their long-term energy burdens, and potentially lower their bills as a result of energy savings;
- 4) Supporting energy efficiency jobs and other economic development in Ohio;
- 5) Fostering innovation in the energy efficiency marketplace;
- 6) Promoting long-term environmental benefits;
- 7) Contributing to reduced utility costs for participating customers; and
- 8) Improving the health, working conditions, and living conditions of Ohio's citizens.

VEDO Ex. 2 at 9. Similarly, OPAE witness Rinebolt listed a number of additional benefits, including:

- 1) The potential for lower future natural gas costs due to dampened natural gas demand.
- 2) Dollar savings due to reduction in cost of natural gas used in electric generation.
- 3) Provides a hedge value for all customers.
- 4) Transformed market for energy services (more and better quality choices, better pricing, better financing opportunities, better technologies).
- 5) Increase taxes collected by Local and State entities from energy efficiency programs should help communities with existing budget deficits.
- 6) Utility planning flexibility.

Direct Testimony of David S. Rinebolt, p. 9.

Although the Commission's test does not require the Stipulation package's benefits to be "substantial," many of these enumerated benefits may prove to be quite substantial, to the economy, the environment, the energy market, and to individual ratepayers. Staff respectfully submits that the record adequately demonstrates that the Stipulation, taken as a package, benefits customers and is in the public interest

3. The settlement does not violate any important regulatory principle of practice.

The Stipulation does not violate any important regulatory principle or practice. As OPAE witness Rinebolt testified, the stipulated Plan is "consistent with policies established by the Ohio General Assembly and other statutory provisions." Direct

Testimony of David S. Rinebolt, p. 18. VEDO witness Harris succinctly summarized how the Stipulation adheres to long-standing Commission practice:

For over a decade, the Commission has continued to find value in Ohio's gas distribution utilities offering DSM programs, and has consistently approved voluntary and cost-effective natural gas DSM programs that produce demonstrable benefits, reasonably balance total costs, and minimize the impact to non-participants. Over the last decade in VEDO's service territory, average usage declined, and annual energy savings goals were still met, even as the price of the commodity went down. Indeed, the Commission has found that a period of low gas prices may present a particularly appropriate time to encourage and incentivize customer participation through the DSM programs so that customers can purchase or install energy efficiency measures that will provide long-term energy conservation benefits to protect customers as a hedge against volatile spikes in prices. The 2021 – 2023 Plan, as modified by the Stipulation, promotes energy conservation and encourages reduced energy consumption by providing opportunities for customers to reduce their energy usage and make more educated choices about how they consume energy—consistent with R.C. 4905.70 and R.C. 4929.02(A)(12).

VEDO Ex. 2 at 9.

CONCLUSION

Based upon the foregoing, the Staff respectfully requests that the Commission adopt the Joint Stipulation and Recommendation.

Respectfully submitted,

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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Post-Hearing Brief, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by electronic mail, upon the following parties of record, this 3rd day of September, 2020.

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Summary: Brief POST-HEARING BRIEF SUBMITTED ON BEHALF OF THE STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO