

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
The East Ohio Gas Company d/b/a)	Case No. 21-1109-GA-ALT
Dominion Energy Ohio for Approval of an)	
Alternative Form of Regulation)	

APPLICATION FOR APPROVAL OF AN ALTERNATIVE RATE PLAN

In accordance with R.C. 4929.05, R.C. 4929.051(A) & (B), R.C. 4929.11, and R.C. 4909.18, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or the Company) respectfully requests that the Commission approve this application for an alternative rate plan to continue and expand the Company’s portfolio of demand-side-management (DSM)/energy-efficiency (EE) (DSM/EE) programs and to recover the associated incremental costs on an annual basis through the existing DSM Rider. So that DEO may begin to offer its expanded portfolio of DSM/EE programs in 2023, DEO requests that the Commission approve this application as soon as practicable and no later than November 1, 2022.

In support of its application, DEO states as follows:

1. In 2008, the Commission approved DEO’s application for an alternative rate plan, pursuant to a stipulation and recommendation that provided for the funding of DEO’s DSM/EE programs and the authorization of the DSM Rider. Case No. 07-829-GA-AIR, *et al.*, Opin. & Order (Oct. 15, 2008) at 7 (2007 Rate Case). Under the currently approved plan, DEO recovers \$5.5 million in DSM/EE funding for low-income customer programs through base rates. In addition, DEO is permitted to recover up to an additional \$4.0 million in DSM/EE funding for residential customer programs annually through its DSM Rider. *See, e.g.*, Case No. 20-1626-GA-RDR, Finding & Order (Feb. 10, 2021) ¶ 4.

2. In this application, DEO requests authority to continue and expand its DSM/EE portfolio to modify existing programs and add new programs to provide customers with additional cost-effective opportunities to reduce their energy usage. DEO's proposed DSM/EE portfolio includes the expansion of two existing programs, and the introduction of eight new programs for residential and small commercial customers.

3. In addition, DEO requests approval of a gradual increase in the Company's total annual DSM/EE funding levels for a five-year period, from the existing level of \$9.5 million annually, to a range of up to approximately \$14.6 million in Year One to \$20.4 million in Year Five. Approved funding levels in excess of the \$5.5 million in base rates would be recovered annually through subsequent updates to the DSM Rider. Assuming that Commission approval has been received not later than November 1, 2022, calendar year 2023 would constitute Year One, and calendar year 2027 Year Five. DEO would also note that the Year-One program cost estimate includes implementation and development costs that may be incurred prior to the first calendar year of the expanded program. (*See infra* ¶35.) For subsequent years beyond Year Five, DEO proposes that the total amount of DSM/EE funding increase annually by three percent, until such time as DEO files a subsequent application with the Commission to further modify the alternative rate plan to increase DSM/EE funding and/or offer new DSM/EE programs.

Applicable Statutes and Regulations

4. DEO is an Ohio corporation engaged in the business of providing natural gas service to customers in Ohio and, as such, is a "natural gas company" as defined by R.C. 4905.03(A)(5), and a "public utility" as defined by R.C. 4905.02.

5. In accordance with Ohio Adm.Code 4901:1-19-06(A), on October 29, 2021, DEO notified the Commission's Staff by letter addressed to the Directors of the Rates and Analysis

Department and the Service Monitoring and Enforcement Department of DEO's intent to file an application no sooner than thirty calendar days after the date of that letter.

6. R.C. 4909.43(B) states, "Not later than thirty days prior to the filing of an application pursuant to section 4909.18 or 4909.35 of the Revised Code, a public utility shall notify, in writing, the mayor and legislative authority of each municipality included in such application of the intent of the public utility to file an application, and of the proposed rates to be contained therein." DEO provided this notice to the required recipients on October 29, 2021. In addition, DEO provided similar written notice to all parties of record to DEO's last base rate case.

7. R.C. 4929.05(A) states, "A natural gas company may request approval of an alternative rate plan by filing an application under section 4909.18 of the Revised Code, regardless of whether the application is for an increase in rates." That section requires the Commission to "authorize the applicant to implement an alternative rate plan if the natural gas company has made a showing and the commission finds" (1) that "[t]he natural gas company is in compliance with section 4905.35 of the Revised Code and is in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code"; (2) that "[t]he natural gas company is expected to continue to be in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code after implementation of the alternative rate plan"; and (3) that "[t]he alternative rate plan is just and reasonable."

8. R.C. 4929.051(A) states, "An alternative rate plan filed by a natural gas company under section 4929.05 of the Revised Code and proposing to initiate or continue a revenue decoupling mechanism shall be considered an application not for an increase in rates if the rates, joint rates, tolls, classifications, charges, or rentals are based upon the billing determinants and

revenue requirement authorized by the public utilities commission in the company's most recent rate case proceeding and the plan also establishes, continues, or expands an energy efficiency or energy conservation program.” R.C. 4929.051(B) further states, “An alternative rate plan filed by a natural gas company under section 4929.05 of the Revised Code and seeking authorization to continue a previously approved alternative rate plan shall be considered an application not for an increase in rates.” In this filing, DEO seeks approval for the continuation and expansion of the alternative rate plan and DSM Rider mechanism previously approved in the 2007 Rate Case.

9. Pursuant to R.C. 4929.02(A)(12), it is state policy to “[p]romote an alignment of natural gas company interests with consumer interests in energy efficiency and conservation.” Furthermore, under R.C. 4905.70, the Commission is tasked 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. This application does not seek to recover the incremental costs associated with the proposed expanded DSM/EE portfolio or to increase DEO’s rates in this proceeding. The gradual increases in DSM/EE funding would be recovered through the Company’s annual updates to its DSM Rider. Moreover, DEO is not proposing any changes to the billing determinants and cost allocation methodology across rate classes utilized by the Commission in DEO’s most recent rate case proceeding when authorizing the DSM Rider. *See* 2007 Rate Case; *cf.* Ohio Adm.Code 4901:1-19-06(C)(1). In addition, under R.C. 4929.051, DEO seeks approval for the continuation and expansion of the Company’s DSM/EE programs and continuation of the DSM Rider mechanism previously approved by the Commission. Accordingly, for the foregoing reasons, DEO’s alternative rate plan application should be considered an application not for an increase in rates for purposes of R.C. 4909.18 and Ohio Adm.Code 4901:1-19-06.

DEO's Current DSM Programs

11. As noted above, at present, DEO operates its DSM/EE programs within the previously approved cap on cost recovery of \$9.5 million per year. The Company's current DSM/EE portfolio consists of DEO's Housewarming Program, a low-income weatherization program, and DEO's Home Performance with Energy Star Program, which offers a home energy assessment, certain installed energy-efficient products, and rebates for implementation of recommended energy efficiency improvements.

12. DEO also meets regularly with the DSM Collaborative, a group that includes the Commission's Staff, the Office of the Ohio Consumers' Counsel (OCC), Ohio Partners for Affordable Energy (OPAE), and interested retail suppliers, and advises the DSM Collaborative on the implementation of the Company's existing DSM/EE programs.

13. DEO believes there is an opportunity to expand the Company's existing DSM/EE portfolio to further the State's goals of initiating programs that promote and encourage conservation of energy, reduce the growth rate of energy consumption, and better align DEO's interests with the consumers' interest in energy efficiency.

Proposed Expanded DSM/EE Portfolio

14. The State of Ohio's energy policy encourages the provision of energy conservation programs and alignment of utility and customer interests in efficiency and conservation. These policy goals have grown increasingly important to customers, investors, and other stakeholders.

15. In addition, the Commission has confirmed that "there can be no doubt that, in recent history, Ohio regulatory policy has embraced natural gas DSM programs." *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 19-2084-GA-UNC, Opin. & Order (Feb. 24, 2021) ¶ 73

(2021 CEOH DSM). The Commission has also stressed “the importance of including programs that educate consumers about energy conservation and that encourage consumers to participate in energy conservation measures to more readily achieve long-term energy conservation benefits.”

In re Columbia Gas of Ohio, Inc., Case No. 19-1940-GA-RDR, Opin. & Order (Dec. 2, 2020)

¶ 53 (2020 COH DSM).

16. To further these State and regulatory policies, the Commission has approved natural gas companies’ “voluntary, cost-effective programs that produce demonstrable benefits, reasonably balance total costs, and minimize the impact to non-participants.” 2021 CEOH DSM Order ¶ 74. The Commission has also found that such programs “comport[] with Ohio’s stated public policy of encouraging conservation of energy, as well as innovation and market access for demand-side natural gas services and goods, and promoting the alignment of utility and consumer interests in energy efficiency and energy conservation.” *Id.*; 2020 COH DSM Order ¶ 54 (“well-designed and cost-effective DSM programs are consistent with Ohio’s economic and energy policy objectives”).

17. Consistent with these State and regulatory policies, the Company has designed an expanded DSM/EE portfolio with new programs and modifications to existing programs that it believes will offer and promote the efficient use of energy and provide customers a wider array of cost-effective DSM/EE programs to help reduce their consumption. To accommodate these changes, DEO also proposes to increase the level of DSM/EE funding authorized for recovery annually through the DSM Rider.

18. DEO’s proposed expanded portfolio of DSM/EE programs would continue the Company’s existing low-income and residential programs, while adding eight new programs for residential and small commercial customers.

19. DEO's proposed expansion of its DSM/EE portfolio programs includes continuation and modification of the following programs:

- a. Home Performance with Energy Star Program; and
- b. Housewarming Program (low-income).

20. DEO's proposed expansion of its DSM/EE portfolio programs includes the following new programs:

- a. High Efficiency Residential Gas Equipment Program;
- b. E3 Smart Program (education partners program);
- c. Home Energy Report Program;
- d. Residential New Construction Builder Program;
- e. Residential EE Marketplace Program;
- f. Multi-family Incentive Program;
- g. High Efficiency Commercial Gas Equipment Program; and
- h. Commercial Custom Program.

21. This expanded portfolio of DSM/EE programs is projected to have approximately between 212,000 and 256,000 participants annually, and reflects incremental costs over current funding levels ranging from approximately \$5.1 million in Year One to \$10.9 million in Year Five. DEO also estimates that over this five-year period, the expanded portfolio of DSM/EE programs could result in total energy savings of approximately 24.2 million therms.

22. The expanded DSM/EE portfolio's offerings are projected to be cost-effective and to produce significant customer benefits, as explained in detail in the attached exhibits. Among other things, the attached supporting materials provide the following:

- Annual budgets, on a program-by program basis, for Year One (2023) through Year Five (2027) to support the Company's request for incremental funding to be recovered through the DSM Rider;
- Annual budgets for program management and administration, which would include customer education;
- Annual energy savings (therms) projections, on a program-by-program basis, for Year One (2023) through Year Five (2027) in support of the Company's analysis of the cost-effectiveness of the proposed expanded portfolio of DSM/EE programs;
- The results of the applicable cost effectiveness tests, confirming that the new programs as designed would be cost-effective; and
- Projected bill impacts of the proposed expanded DSM/EE portfolio, which are estimated for residential customers to increase from the current level of approximately \$0.27 per month to approximately \$0.39 cents per month for Year One and to \$0.86 cents per month for Year Five.

23. DEO requests Commission approval of the Company's proposed expanded DSM/EE portfolio, the annual DSM/EE budgeted spending for Year One through Year Five, and the Company's proposal to continue the portfolio with an annual three percent increase in total budgeted spending in subsequent years after Year Five, until such time as DEO files a subsequent application with the Commission to further modify the alternative rate plan to increase DSM/EE funding and/or offer new DSM/EE programs.

24. The annual three percent increase in total budgeted DSM/EE spending after Year Five will allow for DEO to account for inflation, changes in market conditions and/or technology, changes to consumer preferences, changes to industry standards and/or regulations, and any unforeseen occurrences that could impact the cost of programs being offered.

25. DEO also requests that the Company be authorized to (i) adjust program attributes, including incentive levels or measures offered, based on changes in market conditions and/or technology; (ii) transfer funding across programs within any calendar year; and (iii) carry

forward any unspent budgeted costs to future years, which will also increase DEO's ability to successfully provide energy savings opportunities to customers.

Benefits of Proposed Expanded DSM/EE Portfolio

26. DEO's proposed expanded DSM/EE portfolio promotes energy conservation and encourages DEO's natural gas customers, including lower-income customers, to increase the efficiency of their energy usage, invest in more energy efficient products, and reduce their long-term energy burdens.

27. In addition to encouraging conservation and reducing consumption, DEO's proposed expanded DSM/EE portfolio is expected to produce other customer benefits, including:

- Therm savings for participating customers, which would also provide environmental, societal and economic benefits, including:
 - longer-term environmental benefits in areas of air pollution and reduced greenhouse gas emissions;
 - improved health, safety and reliability of their gas heating equipment and other gas appliances; and
 - opportunities to reduce gas bills as a result of lower usage, which in turn may assist with affordability, and reduce customer arrearages and bad debts.
- Targeted expansion of customer participation, including low- to moderate income customers and other residential and small commercial customers, through opportunities to overcome key market barriers to energy efficiency including:
 - Better equipping customers to make more efficient energy decisions by increasing awareness and providing education on their home's energy consumption (through home energy reports and home performance audits); and
 - Offering financial incentives to help offset the incremental costs of purchasing higher efficiency equipment, including both post-purchase rebates and an online marketplace to provide instant markdowns on eligible equipment.

- Alignment of customer and utility interests by approving energy efficiency offerings that allow for recovery of reasonable and prudent costs; and
- Other technical benefits to customers, including avoided commodity costs that were part of the calculated cost-benefit analysis that shows the expanded portfolio will be cost-effective (that is, the portfolio results in net benefits to customers).

28. DEO's expanded DSM/EE portfolio is expected to also produce other, broader benefits for both participants and non-participants within DEO's service area, as well as the state of Ohio. These include direct economic benefits to DEO's service territory and Ohio, as the DSM/EE investment creates jobs, both locally and across the State, including for auditors, installers, designers, and manufacturers of EE products, and supports a supply chain of large and small wholesalers and distributors.

29. DEO's proposed expansion will result in a better alignment of DEO's DSM/EE offerings with those offered to customers of other Ohio gas utilities. While the annual amount of DEO's DSM/EE funding relative to the size of its customer base will remain below that approved for comparable Ohio utilities, DEO's proposed funding level in Year Five will better align DEO's portfolio with comparable Ohio gas utilities' offerings.

30. Notably, the proposed expanded portfolio of DSM/EE programs are projected to be cost-effective, even assuming a continued low-price environment for the natural gas commodity. The environmental benefits of conservation do not materially change with the price of gas, and any increase in the cost of supplying natural gas will only make the programs more cost-effective and more important to customers seeking to lower their consumption and their bills.

31. As demonstrated by this application and the supporting exhibits, DEO's proposed expanded DSM/EE portfolio consists of "voluntary, cost-effective programs that produce demonstrable benefits, reasonably balance total costs, and minimize the impact to non-

participants.” 2021 CEOH DSM Order ¶ 74; *see also* 2020 COH DSM Order ¶ 53 (same); *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, *et al.*, Opin. & Order (Aug. 28, 2019) ¶ 102 (same) (2019 CEOH Rate Case); *In re Columbia Gas of Ohio, Inc.*, Case No. 16-1309-GA-UNC, Opin. & Order (Dec. 21, 2016) ¶ 126 (same) (2016 COH DSM); 2007 Rate Case Order at 22-23 (same). The Commission has continued to approve similar DSM/EE programs offered by other natural gas companies, the State and regulatory policies supporting such programs have not changed, and as explained in this application, DEO’s existing DSM spending and programs are not as robust or diverse as other gas utilities’ offerings.

32. DEO recognizes that the Commission may further address DSM/EE policies and benefits in upcoming workshops to be held in 2022 and reserves the right to amend this Application or otherwise modify its proposals to account for any applicable findings and conclusions or other information derived from those workshops.

Accounting & Cost Recovery

33. DEO proposes to continue using its established regulatory asset account to defer actual costs incurred that are recoverable through the DSM Rider and to offset those amounts by costs recovered. DEO is not proposing to change the existing base rate recovery; as previously stated, incremental costs of the expanded DSM/EE portfolio will be collected through the DSM Rider.

34. Further, DEO requests the following cost recovery treatment. DEO proposes to continue filing no later than December 1 each year with rates effective for billing cycle six of the following April. For all program years, the DSM Rider would reconcile prior period DSM/EE portfolio costs with associated rider recoveries and include budgeted DSM/EE portfolio costs for the subsequent calendar year. So that DEO may begin to offer its expanded portfolio of DSM/EE

programs in 2023 as Year One, DEO is requesting that the Commission approve this application as soon as practicable, with a requested approval date of no later than November 1, 2022.

Provided that DEO has Commission approval of this application by November 1, 2022, DEO proposes to file its next application to update the DSM Rider by December 1, 2022, and seek recovery of budgeted Year One DSM Rider costs, plus or minus the under- or over-recovery resulting from the then-current rider rate.

35. With respect to Year One costs, as noted above, the budgeted amounts include incremental development and implementation costs that may be incurred prior to the first full calendar year of the expanded program. Accordingly, DEO would clarify that its request for recovery authority includes the right to recover such reasonable and incremental costs as part of the first DSM Rider update filing.

DSM Rider Rate Design

36. DEO does not propose any changes to the billing determinants, cost allocation methodologies, or rate design currently used to calculate and allocate the revenue requirement of the DSM Rider.

37. As indicated above, DEO's base rates currently recover \$5.5 million for the Company's low-income weatherization Housewarming program, and DEO proposes that they continue to do so. Spending on the other aspects of the expanded DSM/EE portfolio, including additional spending on the existing low-income program, would be recovered through the DSM Rider.

Future Role of the DSM Collaborative

38. DEO discussed the expanded DSM/EE program portfolio with the DSM Collaborative on November 4, 2021, and invited feedback on the portfolio in advance of the filing.

39. DEO proposes that any future requests for approval of an increase in DSM/EE funding and/or new DSM/EE programs should be filed with the Commission.

40. DEO proposes to continue to meet with the DSM Collaborative, twice a year, to review the status of the DSM/EE programs.

41. Further, DEO proposes to provide the DSM Collaborative with an annual report on energy savings and measures deployed and their costs.

42. In addition, DEO intends to continue to elicit and receive input from the Collaborative, engaging interested stakeholders as they raise issues or questions so that their feedback can be considered for program improvements.

43. Although DEO proposes to clarify the role of the DSM Collaborative in this application, the DSM Collaborative will continue to meet and operate while this case is pending to administer DEO's existing programs.

Conclusion

44. DEO's request to modify the previously approved alternative rate plan to expand its DSM/EE program offerings and to recover such costs through the DSM Rider complies with R.C. 4929.05, R.C. 4929.11, and 4929.051, and should be approved. DEO complies with R.C. 4905.35 and with the policy of this state specified in R.C. 4929.02 and it expects to continue to be in substantial compliance with that policy. Moreover, DEO's request to modify this alternative rate plan is just and reasonable, providing for the timely recovery of prudent costs to

implement the expanded DSM/EE portfolio to deliver more cost-effective options to customers to conserve energy and reduce consumption.

45. In order to fund the expanded DSM/EE programs for 2023, and to ensure that there is sufficient lead time to budget for, design, and implement the DSM/EE programs and funding approved by the Commission for 2023, DEO requests the Commission issue an accelerated procedural schedule for approval of this Application as follows:

- December 31, 2021: Deadline for the filing of motions to intervene
- January 31, 2022: Deadline for the filing of comments by intervenors regarding Dominion's November 30, 2021 Application
- February 28, 2022: Deadline for the filing of reply comments by Dominion and intervenors
- March 29, 2022: Deadline for the filing of the Staff Report
- April 29, 2022: Deadline for the filing of objections to the Staff Report
- October 30, 2022: Commission Finding and Order

46. Attached to this application are the following materials in support of this application:

- Exhibits to Alternative Rate Plan Application;
- DEO Exhibit 1.0 – Direct Testimony of Ella R. Hochstetler;
- DEO Exhibit 2.0 – Direct Testimony of James Herndon, along with DEO Exhibit 2.1 (a description of the proposed DSM/EE portfolio) and DEO Exhibit 2.2 (summary of budgets and cost-effectiveness of the DSM/EE portfolio); and
- DEO Exhibit 3.0 – Direct Testimony of Celia B Hashlamoun, along with DEO Exhibit 3.1 (proposed changes to DSM Rider tariff)

WHEREFORE, DEO respectfully requests that the Commission consider the facts and proposals set forth in this application and approve this application, its proposed tariffs, and any other necessary and proper relief no later than November 1, 2022.

Dated: November 30, 2021

Respectfully submitted,

/s/ Christopher T. Kennedy

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Application was served by electronic mail to the following persons on this 30th day of November, 2021:

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion Energy)	Case No. 21-1109-GA-ALT
Ohio for Approval of an Alternative Form of)	
Regulation)	

ALTERNATIVE RATE PLAN EXHIBITS

A. Ohio Adm. Code 4901:1-19-06(C)(2)(a) Detailed alternative rate plan and related information.

1. Continuation and Expansion of the Company's DSM portfolio approved in Case Nos. 07-829-GA-AIR, 07-830-GA-ALT, and 07-831-GA-AAM.

DEO's proposed alternative rate plan is a continuation and expansion of the demand-side-management (DSM) / energy efficiency (EE) programs that the Commission originally approved in Case Nos. 07-829-GA-AIR, 07-830-GA-ALT, and 07-831-GA-AAM (the 2007 Rate Case). In the 2007 Rate Case, the Commission approved an alternative rate plan, pursuant to a stipulation, which provided for funding for DEO's DSM/EE programs and authorized the DSM Rider. *See generally* Opin. & Order (Oct. 15, 2008) at 7, 12 & 22-23; *see also* Case No. 20-1626-GA-RDR, Finding and Order (Feb. 10, 2021) ¶ 4. DEO currently recovers \$5.5 million in DSM/EE funding through base rates. In addition, DEO is permitted to recover \$4.0 million annually through the DSM Rider. Operating within the approved \$9.5 million in funding, the Company's current DSM/EE program portfolio consists of two programs: DEO's Housewarming Program, a low-income weatherization program; and DEO's Home Performance with Energy Star Program, which provides a home energy assessment, certain installed energy-efficient products, and rebates for implementation of recommended energy efficiency improvements. In this Application, DEO requests authority to expand its DSM/EE portfolio to modify these existing programs and add new programs, so that customers have more cost-effective options to reduce their energy usage.

With respect to the procedures applicable to this application, DEO would note that the same provision of the 2007 Rate Case settlement that authorized DSM Rider recoveries of \$4.0 million annually also contained the following statement authorizing a special DSM filing:

DSM applications seeking recovery for DSM funding through the DSM Rider over and above the current \$4 million commitment may be filed with the Commission at any time the DSM Collaborative deems an increase in ratepayer funding of the DSM program spending level is reasonable and prudent. The first such application may be filed at any time the DSM Collaborative determines a filing to be appropriate no sooner than 18 months after Commission approval of this Stipulation and Recommendation. In the event that the Commission approves any increase in DSM funding through the DSM Rider, DEO's Transportation Migration Riders - Part A and B shall be increased by the amount necessary to recover an equivalent amount of funding for DEO participation in Gas Technology Institute [GTI] research programs up to \$600,000 per year."

(2007 Rate Case Stipulation at 4–5.) This provision effectively permitted the DSM Collaborative to minimize or bypass otherwise applicable regulatory proceedings if consensus were reached to increase DSM/EE program funding, on the condition that a consequent automatic increase in GTI research funding would occur if such a request were filed. Since the stipulation's approval in 2008, the Collaborative has not sought to utilize this provision, and DEO is not seeking an increase in GTI research funding or otherwise relying on this filing authority. Therefore, this provision does not apply, and the Commission's standard alternative-regulation procedures apply to this application.

a. Continued and Expanded DSM/EE Programs

DEO's proposed DSM/EE portfolio includes the expansion of two existing programs, and the introduction of eight new programs for residential and small commercial customers. The expanded portfolio of DSM/EE programs is projected to have approximately between 212,000 and 256,000 participants annually, and over a five-year period, result in total energy savings of

approximately 24.2 million therms. DEO's proposed expansion of its DSM/EE portfolio programs includes the continuation and modification of the following existing programs:

- Home Performance with Energy Star Program; and
- Housewarming Program (low-income).

In addition, the proposed expansion includes the following new programs:

- High Efficiency Residential Gas Equipment Program;
- Residential New Construction Builder Program;
- Home Energy Report Program;
- Residential EE Marketplace Program;
- Multi-family Incentive Program;
- E3 Smart Program (education partners program);
- High Efficiency Commercial Gas Equipment Program; and
- Commercial Custom Program.

The detailed program descriptions can be found in DEO Exhibit 2.1. In addition, DEO Exhibit 2.2 provides annual energy savings (therms) projections, on a program-by-program basis, for Year One (proposed 2023) through Year Five (proposed 2027) of the expanded DSM/EE portfolio. The exhibits accompanying this application further demonstrate that proposed DSM/EE programs are cost-effective and produce demonstrable customer benefits.

b. Increased DSM/EE Funding

In addition, DEO requests approval of a gradual increase in the Company's total annual DSM/EE funding for a five-year period, from the existing level of \$9.5 million annually, to a range of up to approximately \$14.6 million in Year One to \$20.4 million in Year Five, with any funding in excess of the \$5.5 million in base rates being recovered annually through the DSM

Rider. This funding request thus reflects incremental DSM/EE costs over current funding levels ranging from approximately \$5.1 million in Year One to \$10.9 million in Year Five. For subsequent years beyond Year Five, DEO proposes that the total amount of DSM/EE funding increase annually by three percent, until such time as DEO files a subsequent application with the Commission to further modify the alternative rate plan to further increase DSM/EE funding and/or offer new DSM/EE programs.

DEO Exhibit 2.1 provides detailed annual DSM/EE budgets, on a program-by-program basis, for Year One (2023) through Year Five (2027). DEO notes that the budgeted amounts for Year One include incremental development and implementation costs that may be incurred prior to the first full calendar year of the expanded program, which DEO proposes to recover. DEO also requests that the Company be authorized to (i) adjust program attributes, including incentive levels or measures offered, based on changes in market conditions and/or technology; (ii) transfer funding across programs within any calendar year; and (iii) carry forward any unspent budgeted costs to future years.

This Application, however, does not seek to recover the incremental costs associated with the proposed expanded DSM/ EE portfolio or to increase DEO's rates in this proceeding. The gradual increases in DSM/EE funding would be recovered through the Company's annual updates to its DSM Rider.

DEO further requests that the Commission approve this Application as soon as practicable and no later than November 1, 2022, such that calendar year 2023 would constitute Year One, and calendar year 2027 Year Five. As described below, this timing would allow DEO to adjust its DSM Rider rate to begin recovering its Year One expenses in 2023.

c. Accounting and Cost Recovery

DEO is not proposing to change the existing base rate recovery of DSM/EE funding outside of a base rate case. The incremental costs of the expanded DSM/EE portfolio would be collected through the annual updates to the existing DSM Rider. DEO would also continue to defer DSM/EE costs incurred under the expanded DSM/EE portfolio for recovery through the DSM Rider.

DEO is not proposing to change the timing of its annual DSM Rider filings, provided that DEO has Commission approval of this application by November 1, 2022. DEO proposes to continue filing no later than December 1 each year with rates effective for billing cycle six of the following April. For all program years, the DSM Rider would reconcile prior period DSM/EE portfolio costs with associated rider recoveries and include budgeted DSM/EE portfolio costs for the subsequent calendar year. So that DEO may begin to offer its expanded portfolio of DSM/EE programs in 2023 as Year One, DEO is requesting that the Commission approve this application as soon as practicable, with a requested approval date of no later than November 1, 2022.

Provided that DEO has Commission approval of this application by November 1, 2022, DEO proposes to file its next application to update the DSM Rider by December 1, 2022, and seek recovery of budgeted Year One DSM Rider costs, plus or minus the under- or over-recovery resulting from the then-current rider rate.

As noted above, for subsequent years beyond Year Five, DEO proposes that the total amount of DSM/EE funding increase annually by three percent, until such time as DEO files a subsequent application with the Commission to further modify the alternative rate plan to increase DSM/EE funding and/or offer new DSM/EE programs. During this period, DEO would continue to file annual updates to adjust the DSM Rider rate, which would allow Staff to

continue to audit historical DSM/EE expenses and the reconciliation of actual DSM/EE recoveries.

With respect to Year One costs, as noted above, the budgeted amounts include incremental development and implementation costs that may be incurred prior to the first full calendar year of the expanded program. Accordingly, DEO would clarify that its request for recovery authority includes the right to recover such reasonable and incremental costs as part of the first DSM Rider update filing.

Lastly, DEO does not propose any changes to the billing determinants, cost allocation methodologies, or rate design currently used to calculate and allocate the revenue requirement of the DSM Rider.

B. Ohio Adm. Code 4901:1-19-06(C)(2)(b), Statements regarding exemptions.

DEO has been granted exemptions by the Commission with respect to its provision of commodity service. *See* Case No. 05-0474-GA-ATA (approval of Standard Service Offer); Case No. 07-1224-GA-EXM (approval of Standard Choice Offer); Case No. 12-1842-GA-EXM (modification of SCO service); Case No. 18-1419-GA-EXM (approval of Monthly Retail Rate (MRR) Commodity Service). DEO's approved code of conduct is set forth in its General Terms and Conditions of Energy Choice Pooling Service tariff Section 24, Sheet Nos. ECPS 47–49.

C. Ohio Adm. Code 4901:1-19-06(C)(2)(c), Cross-Subsidization.

DEO does not expect any cross-subsidization of services to occur under the continuation and expansion of the Company's DSM portfolio. DEO's expanded DSM/EE portfolio would continue existing low-income and residential programs, while adding eight new programs for residential and small commercial customers. In addition, the expanded DSM/EE portfolio is expected to produce customer benefits for participants and non-participants. Moreover, the DSM Rider rate will remain subject to an annual Staff audit and Commission review and approval. As

noted above, DEO does not propose any changes to the billing determinants, cost allocation methodologies, or rate design currently used to calculate and allocate the revenue requirement of the DSM Rider.

D. Ohio Adm. Code 4901:1-19-06(C)(2)(d), Compliance with Revised Code Provisions.

1. Compliance with R.C. 4905.35.

R.C. 4905.35 provides in its entirety as follows:

(A) No public utility shall make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

(B)(1) A natural gas company that is a public utility shall offer its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions.

(2) A natural gas company that is a public utility and that offers to a consumer a bundled service that includes both regulated and unregulated services or goods shall offer, on an unbundled basis, to that same consumer the regulated services or goods that would have been part of the bundled service. Those regulated services or goods shall be of the same quality as or better quality than, and shall be offered at the same price as or a better price than and under the same terms and conditions as or better terms and conditions than, they would have been had they been part of the company's bundled service.

(3) No natural gas company that is a public utility shall condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from the company.

DEO is compliant with R.C. 4905.35. In accordance with R.C. 4905.35(A), DEO does not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

In accordance with R.C. 4905.35(B)(1), DEO offers its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls,

under comparable terms and conditions, as evidenced by DEO's Standards of Conduct. *See, e.g.,* Gen. Terms & Cond. of Energy Choice Pooling Serv., Sheet No. ECPS 47, § 24.4. Consistent with the obligation to make its service offerings available on a comparable and non-discriminatory basis, DEO has applied these principles in developing its service offerings, the terms and conditions upon which it provides public utility service, and its rates. Such services, terms and conditions, and rates have been reviewed and approved by the Commission and are currently incorporated in DEO's tariff.

With respect to R.C. 4905.35(B)(2), DEO does not presently have any bundled service offerings that include a regulated and unregulated service.

In accordance with R.C. 4905.35(B)(3), DEO does not condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from DEO.

2. Substantial compliance with R.C. 4929.02.

The Commission's rules require DEO to discuss its current compliance with state policy and its expected compliance with that policy following implementation of the proposed plan.

R.C. 4929.02 establishes Ohio's state policy regarding the provision of natural gas service and goods. The policy promotes, among other things, the availability of adequate, reliable, and reasonably priced services and goods as well as the unbundling and comparability of those services and goods. It supports effective choices for supplies and suppliers; encourages market access to supply- and demand-side services and goods; and acknowledges the importance of effective competition and the regulatory treatment needed to support competition.

DEO currently works to promote, encourage, recognize, facilitate and ensure the goals in R.C. 4929.02 are met. DEO's record of service in Ohio includes a proactive effort to work with stakeholders to implement unbundled and ancillary service offerings that provide customers with effective and convenient choices to meet their natural gas supply needs. DEO's current tariff provides numerous options for service of varying terms and conditions to meet its customers' needs for the purchase and delivery of natural gas. DEO's services provide all customers the opportunity to choose an alternative commodity supplier. DEO's current rates provide no subsidies flowing to or from regulated services or goods. DEO was the first Ohio natural gas utility to develop and implement a successful residential and commercial natural gas choice program, and as approved in Case No. 05-474-GA-ATA, it has conducted auction-based commodity-service procurement since 2006. As of September 2021, approximately 93% of DEO's residential customers (including Standard Choice Offer customers) participated in DEO's Energy Choice program, as did approximately 62 suppliers.

Moreover, DEO's bill inserts, public outreach initiatives, and customer service representatives provide information useful to customers in making choices about natural gas services and goods. DEO continues to work with Staff and other stakeholders to ensure that customers understand and are equipped to effectively participate in DEO's Energy Choice program.

This Application presents an opportunity to expand the Company's existing DSM/EE program portfolio to further the State's goals of initiating programs that promote and encourage conservation of energy, reduce the growth rate of energy consumption, and align DEO's interests with customers' interest in energy efficiency. Consistent with these State policies, the Company has designed an expanded DSM/EE portfolio with new programs and modifications to existing

programs that it believes will offer and promote the efficient use of energy and provide a wider array of cost-effective DSM/EE programs to encourage customers, including lower-income customers, to increase the efficiency of their energy usage, invest in more energy efficient products, and reduce their long-term energy burdens. The expanded DSM/EE portfolio is also expected to produce other environmental and economic benefits for participants and non-participants in DEO's service territory and the State of Ohio.

As noted above, to accommodate these changes, DEO also has proposed to increase the level of DSM/EE funding authorized for recovery annually through the DSM Rider. DEO's proposed expanded DSM/EE portfolio would offer additional programs that are more closely aligned with the Commission-approved DSM/EE programs being offered by other natural gas companies elsewhere in the State, while still projected to require a lower amount of funding relative to the size of DEO's customer base than those comparable programs.

The Commission has previously ruled that DEO is in compliance with R.C. 4929.02, based on information that is substantially unchanged. *See* Case No. 07-1224-GA-EXM, Opin. & Order at 20 (June 18, 2008). Implementation of the proposed expanded DSM/EE portfolio, combined with DEO's existing services and programs, will ensure continued substantial compliance with the policies described in Section 4929.02, Revised Code.

3. The proposed plan is just and reasonable.

For all of the foregoing reasons, the continuation and expansion of the Company's DSM/EE programs is just and reasonable. Approval of the plan will allow for the annual audit and timely cost recovery of prudent and reasonable incremental DSM/EE costs for voluntary, cost-effective programs that produce demonstrable benefits, reasonably balance total costs, and minimize the impact to non-participants. The justness and reasonableness of the plan is also demonstrated by the fact that the Commission has approved similar DSM/EE programs for other

gas LDCs in Ohio. *See In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 19-2084-GA-UNC, Opin. & Order (Feb. 24, 2021) ¶ 74; *In re Columbia Gas of Ohio, Inc.*, Case No. 19-1940-GA-RDR, Opin. & Order (Dec. 2, 2020) ¶ 53; *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, *et al.*, Opin. & Order (Aug. 28, 2019) ¶ 102; *In re Columbia Gas of Ohio, Inc.*, Case No. 16-1309-GA-UNC, Opin. & Order (Dec. 21, 2016) ¶ 126.

E. Ohio Adm. Code 4901:1-19-06(C)(2)(e), List of Witnesses.

In accordance with the Commission’s rules, below is the list of witnesses sponsoring testimony in support of the Application.

- DEO Exhibit 1.0, Ella R. Hochstetler.
- DEO Exhibit 2.0, James Herndon.
- DEO Exhibit 3.0, Celia B. Hashlamoun.

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
The East Ohio Gas Company d/b/a)	Case No. 21-1109-GA-ALT
Dominion Energy Ohio for Approval of an)	
Alternative Form of Regulation)	

**DIRECT TESTIMONY OF ELLA R. HOCHSTETLER
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO**

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1 **I. INTRODUCTION**

2 **Q1. Please state your name and business address.**

3 A. My name is Ella R. Hochstetler. My business address is 1201 East 55th Street, Cleveland,
4 Ohio 44103.

5 **Q2. By whom are you employed?**

6 A. Dominion Energy Ohio (DEO).

7 **Q3. Please identify your current position and any relevant past positions.**

8 A. I am currently a Director, Regulatory and Pricing as of November 1, 2021 for DEO. Prior
9 to this I was a Director, Customer Experience, and had direct responsibility over, among
10 other things, DEO's energy efficiency offerings.

11 **Q4. What are your job responsibilities as a Director, Regulatory and Pricing?**

12 A. I have primary oversight and responsibility for rate making and regulation policy for
13 Dominion Energy Ohio. A part of this role includes a focus on regulatory strategy
14 encouraging sustainable options for Ohio customers. These sustainability efforts include
15 expanding the energy efficiency awareness and program accessibility to our customers.

16 **Q5. Please describe your relevant educational background and work experience.**

17 A. I have a Bachelor of Arts degree in Finance from Baldwin Wallace University and a
18 Masters of Business Administration with a Finance focus from the University of Akron. I
19 have 19 years of work experience at Dominion Energy in many different areas of focus
20 across the company, including operations, customer service, project management,
21 customer experience and energy efficiency.

22 **Q6. Please describe the purpose of your testimony in this proceeding.**

23 A. My testimony identifies, explains and supports the expansion of DEO's Demand Side
24 Management (DSM) and energy efficiency (EE) portfolio (DSM/EE portfolio), which

will comprise new and expanded gas energy efficiency program offerings. In my testimony, I describe the background of DEO's existing DSM/EE portfolio, which has been offered to DEO customers for approximately 13 years. I summarize the Company's approach to DSM/EE expansion, the specific programs included in the expansion, and the benefits that this expansion will bring to customers. I will also introduce the witnesses who will address the technical aspects of the portfolio, as well as the proposed rate recovery.

II. INTRODUCTION OF OTHER WITNESSES

Q7. Please introduce the witnesses submitting testimony in support of approval of DEO's expanded DSM/EE portfolio.

A. In addition to my direct testimony, DEO submits the testimony of Mr. James Herndon, a Vice President of Resource Innovations, which is a consulting firm specializing in, among other things, the development and implementation of energy efficiency portfolios. Mr. Herndon explains the development, design and cost-effectiveness of DEO's proposed expanded energy efficiency offerings.

DEO also submits the testimony of Ms. Celia Hashlamoun, a Regulatory Specialist for DEO. Ms. Hashlamoun explains the Company's accounting treatment and cost recovery of the DSM/EE costs, addresses the estimated bill impact of the DEO's expanded energy efficiency portfolio, and identifies and supports DEO's proposed changes to its DSM Rider tariff.

III. BACKGROUND OF EXISTING DSM PORTFOLIO

Q8. Please describe DEO's existing DSM Portfolio.

A. In 2008, DEO sought and received approval from the Public Utilities Commission of Ohio (Commission) in Case No. 07-829-GA-AIR for a DSM/EE portfolio that included

\$5.5 million of funding for low-income-customer programs that is recovered in base rates and an additional \$4.0 million (for both low income and other DSM/EE programs) recovered through an approved DSM Rider. Since approval, DEO has implemented its existing DSM/EE portfolio for residential customers, including low-income customers, within the approved spending level of \$9.5 million per year. In conjunction with the existing program, DEO also advises and consults with the DSM Collaborative, a group that meets regularly and includes the Commission's Staff, the Office of the Ohio Consumers' Counsel (OCC), and Ohio Partners for Affordable Energy (OPAE), as well as other interested parties, on the status of its DSM/EE programs.

Q9. Please describe the current DSM/EE portfolio.

A. Eligible DEO residential customers can participate in two distinct offerings: the Housewarming Program and the Home Performance with ENERGY STAR Program.

Q10. What is the Housewarming Program?

A. The Housewarming Program targets DEO low-income customers and provides no cost offerings that include gas equipment replacement, weatherization improvements, and health and safety measures. The program offers site visits that include an assessment of energy efficiency improvements, and then the direct installation of natural gas saving products, including both easily installed measures such as high efficiency showerheads, faucet aerators, and hot water pipe insulation, as well as more labor-intensive measures such as air sealing, duct sealing, and additional insulation. The program operates through a third-party administrator, CHN Housing Partners. Mr. Herndon provides additional details about the current Housewarming Program as part of the proposed expansion.

Q11. What is the Home Performance with ENERGY STAR Program?

A. The Home Performance with ENERGY STAR Program involves audits by a third-party program provider. The audit promotes education and awareness of areas where a customer can save energy and increase home comfort through installation of low-cost measures (for example, showerheads, pipe insulation) as well as purchase optional smart thermostat(s) discounted through energy efficiency incentives. The audit identifies eligible measures and then the provider coordinates installation with approved contractors. Again, Mr. Herndon provides additional details about the current Home Performance with ENERGY STAR Program as part of the proposed expansion.

IV. PROPOSED DSM/EE PORTFOLIO EXPANSION

Q12. Why is DEO proposing to expand the scope of the DSM/EE portfolio?

A. Expansion will meet DEO's goal of increasing investment in energy efficiency and improving the customer experience, which will also meet Ohio's goals of implementing programs that promote and encourage conservation of energy and reduce the growth rate of energy consumption. As explained by Mr. Herndon, the expanded DSM/EE program will provide net benefits to customers, and will better align DEO's scope of DSM/EE offerings with the scope of DSM/EE offerings by other gas utilities, such as Columbia Gas of Ohio and CenterPoint Energy of Ohio, in the state.

Q13. How did DEO develop the expanded DSM/EE portfolio?

A. DEO engaged a consultant, Resource Innovations, to review DEO's existing energy efficiency offerings and identify additional offerings that would provide a wider range of opportunities to eligible customers, including both residential and small commercial customers, in manner that would address participant barriers and be cost effective for

DEO's customers. Mr. Herndon describes the program development process in more detail in his testimony (DEO Exhibit 2.0).

Q14. Did DEO review the proposal with the DSM Collaborative?

A. Yes. I was a part of the process where DEO discussed the expanded DSM/EE portfolio with the DSM Collaborative on November 4, 2021, and welcomed any feedback on the portfolio in advance of this filing. DEO presented each new proposed program or program expansion, providing program details and eliciting comments. In addition, DEO addressed the expected participation rates and budgets.

Q15. What is the proposed scope of DEO's DSM/EE portfolio expansion?

A. As further explained by Mr. Herndon, DEO's proposal expands DEO's energy efficiency offerings from the two programs currently offered to ten programs, which includes an expansion of the two programs currently offered. The proposed expansion would increase the annual budget from \$9.5 million to approximately \$14.6 million in Year One (with Year One costs potentially including development and implementation costs incurred prior to that calendar year), eventually ramping up to \$20.4 million annually by Year Five of the programs. DEO also requests that the Company be authorized to adjust program attributes, including incentive levels or measures offered, based on changes in market conditions and/or technology, transfer funding across programs within any calendar year, and carry forward any unspent budgeted costs to future years. Ms. Hashlamoun addresses how the Company proposes to recover these costs through DEO's DSM Rider.

Q16. What does DEO propose for the portfolio for the subsequent years after Year Five?

A. For subsequent years after Year Five, DEO proposes that the total amount of DSM/EE funding be increased annually by three percent, until such time as DEO files a subsequent application with the Commission to modify the alternative rate plan to further increase

DSM/EE funding and/or offer new DSM/EE programs. The annual three percent increase in total budgeted DSM/EE spending after Year Five will allow for DEO to account for inflation, changes in market conditions and/or technology, changes to consumer preferences, changes to industry standards and/or regulations, and any unforeseen occurrences that could impact the cost of programs being offered.

Q17. How does DEO's proposal compare to DSM/EE offerings of comparably sized Ohio gas utilities?

A. DEO's proposed expansion will result in a better alignment of DEO's DSM/EE offerings with those offered to customers of other Ohio gas utilities. For comparison, Columbia Gas of Ohio has a current DSM program budget of \$34 million and is proposing an increase to \$38 million. My understanding is that Columbia serves a comparable number of customers as DEO (Columbia serves approximately 200,000 more customers), and also offers a similar range of DSM/EE program offerings as DEO's expanded DSM/EE program. Accordingly, while the annual amount of DEO's DSM/EE funding relative to the size of its customer base will remain below that approved for comparable Ohio utilities, DEO's proposed funding level in Year Five (approximately \$20.4 million per year) will better align DEO's portfolio with these other utilities' offerings.

Q18. What are the proposed energy efficiency offerings under DEO's expanded DSM/EE portfolio?

A. In order to provide a wider range of offerings to eligible customers, DEO proposes the following residential and small commercial programs, which include the continuation and expansion of the two current programs:

- Residential Home Performance with ENERGY STAR Program;
- High Efficiency Residential Gas Equipment Program
- Residential New Construction Builder Program;
- Home Energy Report Program;
- Housewarming Program (low-income);
- Residential EE Marketplace Program;
- Multi-Family Incentive Program;
- E3 Smart Program (education partners program);
- High Efficiency Commercial Gas Equipment Program; and
- Commercial Custom Program.

Q19. Why were the new program offerings selected?

A. As described by Mr. Herndon, each new program was designed to provide expanded or new opportunities to participate in DSM/EE programs to customer segments that have not previously engaged with DEO's DSM/EE programs or were not eligible to participate, and/or lower barriers to access to those programs. The expanded portfolio includes a variety of DSM/EE opportunities for residential customers, including low- to moderate-income customers, and small commercial customers, as well as opportunities to partner with schools to help educate students on energy efficient choices along with providing kits for immediate impact. For example, the expanded Housewarming Program continues to focus on low-income customers, while new DSM/EE program offerings, such as the High Efficiency Residential Gas Equipment Program, provide an opportunity for other customers, including customers who may not be eligible for the low-income program, to participate in a DSM/EE program and save energy. Other new programs offerings, such as High Efficiency Commercial Gas Equipment Program and Commercial Custom

Program, target small commercial customers. And the E3 Smart program allows for new educational initiatives through school partnerships or other educational opportunities.

Q20. Does the expanded portfolio include management and administrative costs?

A. Yes. As with our existing DSM/EE programs, there exists a need for DEO to manage the programs and administer the third-party contracts that will be entered into to implement the programs. The expanded DSM/EE portfolio costs therefore include costs for program advertising, customer education, management and oversight, administration and reporting. These costs include initial program delivery preparations (e.g., costs of initially creating the program website, supporting materials, IT costs); internal DEO management of all programs; education/outreach for all programs (e.g., customer messaging, website that covers all programs); regulatory reporting; meetings with the Collaborative; reporting to the Collaborative; evaluation, measurement and verification (EM&V); and a tracking database for all programs.

Q21. What are the expected benefits of DEO's proposed DSM/EE programs?

A. As more fully explained by Mr. Herndon, DEO anticipates numerous benefits to customers, including:

- Therm savings for participating customers, which would also provide environmental, societal and economic benefits, including:
 - longer-term environmental benefits in areas of air pollution and reduced greenhouse gas emissions;
 - improved health, safety and reliability of their gas heating equipment and other gas appliances; and
 - opportunities to reduce gas bills as a result of lower usage, which in turn may assist with affordability, and reduce customer arrearages and bad debts.
- Targeted expansion of customer participation, including low- to moderate-income customers and other residential and small commercial customers, through opportunities to overcome key market barriers to energy efficiency including:

- 191 ○ Better equipping customers to make smart energy decisions by increasing
192 awareness and providing education on their home's energy consumption
193 (through home energy reports and home performance audits); and
- 194 ○ Offering financial incentives to help offset the incremental costs of purchasing
195 higher efficiency equipment, including both post-purchase rebates and an
196 online marketplace to provide instant markdowns on eligible equipment.
- 197 • Alignment of customer and utility interests by approving energy efficiency offerings
198 that allow for recovery of reasonable and prudent costs; and
- 199 • As explained by Mr. Herndon, other technical benefits to customers, including
200 avoided commodity costs, that were part of the calculated cost-benefit analysis that
201 shows the expanded portfolio will be cost-effective (that is, the portfolio results in net
202 benefits to customers).
- 203 **Q22. Will DEO's proposal also benefit its service area and the State more broadly?**
- 204 A. Yes. DEO expects direct economic benefits to its service territory and Ohio, as the
205 DSM/EE investment creates jobs, both locally and across the State, for auditors,
206 installers, designers, and manufacturers of DSM/EE products, and supports a supply
207 chain of large and small wholesalers and distributors.
- 208 **Q23. How will the expanded DSM/EE portfolio encourage customer participation?**
- 209 A. Programs will engage customers at various points:
 - 210 • Customer communications/bills through home energy reports designed to better equip
211 customers to make efficient energy decisions by increasing awareness and providing
212 education on their home's energy consumption;
 - 213 • In the home and business through audits and direct install measures, as well as at the
214 decision-making points during new construction;
 - 215 • In the retail market through rebates and other incentives to make energy efficient
216 choices. For example, the programs will offer financial incentives to help offset the
217 incremental costs of purchasing higher efficiency equipment, including both post-
218 purchase rebates and an online marketplace to provide instant markdowns on eligible
219 equipment; and
 - 220 • Through customer educational initiatives such as school partnerships and other
221 educational opportunities.

222 **V. OTHER PROPOSALS**

223 **Q24. How will DEO recover the costs of the expanded DSM program?**

224 A. As addressed by Ms. Hashlamoun, \$5.5 million of current DSM/EE program costs
225 (related to the low-income residential program) are reflected in base rates, while the
226 balance is recovered through the DSM Rider. DEO proposes to continue to recover
227 DSM/EE costs above the base rate amount, including spending on the other aspects of the
228 expanded DSM/EE portfolio and additional spending on low-income programs, through
229 its DSM Rider. This is explained in more detail in the rates testimony of Ms.
230 Hashlamoun.

231 **Q25. You mentioned the DSM Collaborative above. What does DEO expect the**
232 **Collaborative's role be with respect to the expanded DSM/EE portfolio?**

233 A. DEO anticipates and expects that the Collaborative would continue to meet biannually to
234 review the progress of DEO's DSM/EE portfolio. As part of that review, participating
235 vendors would continue to report, for each program, the participation rates and spending
236 levels as compared to the expected levels. DEO also intends to provide the Collaborative
237 with an annual report on energy savings and measures deployed and their costs. In
238 addition, DEO intends to continue to elicit and receive input from the Collaborative,
239 engaging interested stakeholders as they raise issues or questions so that their feedback
240 can be considered for program improvements.

241 **Q26. What are your recommendations in this docket?**

242 A. For the reasons stated in my testimony, as well as the other testimony and exhibits
243 submitted in support of DEO's request, I recommend that DEO's proposed expansion of
244 its DSM/EE portfolio, including the proposed program-year budgets and associated cost
245 recovery, be approved. Further, DEO seeks to begin to offer its expanded portfolio of

246 DSM/EE programs in 2023, and so respectfully requests that the Commission approve
247 this application as soon as practicable, but preferably no later than November 1, 2022.

248 **Q27. Does this conclude your testimony?**

249 A. Yes.

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion Energy)	Case No. 21-1109-GA-ALT
Ohio for Approval of an Alternative Form)	
of Regulation)	

**DIRECT TESTIMONY OF JAMES HERNDON
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO**

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1 **I. INTRODUCTION**

2 **Q1. Please introduce yourself.**

3 A. My name is Jim Herndon, and I am a Vice President in the Strategy and Planning
4 Practice within the Utility Services business unit of Resource Innovations, Inc.¹
5 (Resource Innovations). My business address is 2000 Regency Parkway, Suite 455,
6 Cary, North Carolina 27518. A statement of my background and qualifications is
7 attached as Appendix A.

8 **Q2. Please discuss your areas of responsibilities.**

9 A. I am responsible for providing consulting services to clients of Resource Innovations
10 in the field of Demand Side Management. In this capacity, I primarily focus on
11 planning and evaluation for electric and gas utilities, including analysis of market
12 impacts, assisting utilities in the identification of energy saving opportunities, and the
13 development and design of portfolios, programs and/or other initiatives.

14 **Q3. What is Demand Side Management?**

15 A. For purposes of my testimony, Demand Side Management (DSM) refers to energy
16 efficiency (EE) and demand response programs (which are, in turn, made up of
17 specific strategies, activities and/or incentives I refer to as measures), offered by
18 utilities, like DEO, to provide customers with opportunities to make energy efficiency
19 choices and reduce their energy use.

20 **Q4. Please describe Resource Innovation's experience in the field of DSM.**

21 A. Resource Innovation's Utility Services Business Unit provides DSM engineering and
22 consulting services to government agencies and utilities, and helps commercial,

¹ In 2021, my former employer, Nexant, became a part of Resource Innovations. For purposes of my testimony, I refer to Resource Innovations only.

institutional, and industrial facility owners to manage energy consumption and reduce costs in their facilities. Resource Innovations conducts development and implementation services of DSM programs for public and investor-owned utilities, governments, and end-use customers. Our range of experience in the DSM field includes but is not limited to the following activities for a variety of clients across the country: program design; program implementation; marketing, vendor outreach, education, and training; incentive processing and fulfillment; turnkey customer service; and evaluation, measurement and verification.

Q5. Have you provided testimony in other regulatory proceedings?

A. Yes. I have submitted testimony before the Virginia State Corporation Commission, the North Carolina Utilities Commission, the South Carolina Public Service Commission, the Florida Public Service Commission, and the New Jersey Board of Public Utilities.

Q6. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to provide information regarding Dominion Energy Ohio's (DEO or the Company) proposed expanded energy efficiency and demand side management (DSM/EE) portfolio.

Specifically, my testimony explains the DSM/EE portfolio design process conducted by Resource Innovations and DEO, and provides an overview of the proposed programs, including program details related to estimated participation, costs, natural gas savings, and cost-effectiveness.

Q7. Are you sponsoring any exhibits in connection with your direct testimony?

A. Yes. I am presenting two exhibits, which have been prepared under my direction and supervision and are accurate and complete to the best of my knowledge and belief. The schedules attached hereto are described below.

- DEO Exhibit 2.1 – DSM/EE Program Plans
- DEO Exhibit 2.2 – Summary of Program and Portfolio Impacts, including estimated annual energy savings, participation estimates, annual budgets, and cost-effectiveness results.

II. DEVELOPMENT OF THE DEO EXPANDED DSM/EE PORTFOLIO

Q8. Please explain your involvement in the development of DEO's proposed DSM/EE portfolio.

A. Relying on my expertise and experience with developing DSM/EE programs, I managed a team of Resource Innovations consultants to work with the Company to assess the current DSM offerings and consider opportunities to expand DSM/EE offerings to other DEO customers. My team conducted the analysis, developed and designed the expanded portfolio proposed in this docket, and analyzed the cost-effectiveness of the programs.

Q9. Please describe Resource Innovation's approach in developing DEO's proposed DSM/EE portfolio.

A. Resource Innovations approached its work to meet the goals of DEO: to update its DSM/EE program offerings in order to expand opportunities for DEO's customers to conserve energy and improve the efficiency of their homes and commercial businesses. Below I summarize some specific steps taken to accomplish these goals:

First, Resource Innovations collected and reviewed information on DEO's current programs, the Home Performance with ENERGY STAR® Program and

Housewarming Program, which DEO has offered since 2009. DEO provided Resource Innovations with available program data including program descriptions, eligibility information, participation records, and other supporting materials. Resource Innovations also conducted interviews with the current 3rd party providers for each program to gain additional insight on the programs' operations, performance, and opportunities for updates and improvements. Further, Resource Innovations collected general information about DEO's customer base to help determine the programs and measures that would have the greatest impact on eligible customers.

Next, Resource Innovations developed a preliminary list of DSM/EE measures that might be applicable to DEO customers' homes and businesses based on the current DEO programs, other utility programs in the region, as well as Resource Innovation's experience designing, implementing, and evaluating conservation programs around the country. Resource Innovations and DEO reviewed the preliminary list to refine, develop, and bundle the measures into program offerings. Resource Innovations then developed measure impact estimates, including incremental costs, natural gas savings, and estimated useful life in order to evaluate the cost-effectiveness, potential participation levels, and overall benefits to DEO's customers. Based on the quantitative assessment of measure and program costs and benefits, the measure list and proposed program offerings were further refined into final proposed program offerings, which in turn comprise the proposed DSM/EE Portfolio.

III. PROPOSED DSM/EE PORTFOLIO

Q10. Please provide a summary of the proposed DEO DSM/EE Portfolio.

A. DEO proposes updating and continuing the two existing programs, as well as offering eight new programs. The proposed portfolio of DSM/EE programs was selected

because it offers DSM/EE opportunities to a broader range of DEO customers and directly addresses market barriers to the adoption of DSM/EE technologies faced by DEO customers, including both awareness of DSM/EE opportunities and financial challenges in adopting energy efficiency measures. To address these barriers, the programs provide expanded opportunities for DEO customers to better understand their natural gas energy use and improve the efficiency of their homes and businesses. A detailed description of each program is included in the Program Plans provided in DEO Exhibit 2.1, and is summarized as follows:

Home Performance with ENERGY STAR Program. This program is currently offered by DEO and provides a comprehensive approach to helping DEO residential customers boost their home's comfort and energy efficiency. The program starts with a comprehensive home energy assessment by a certified auditor and the free installation of several low-cost DSM/EE products. Following the assessment, customers receive a customized report with recommendations on how to save energy and improve their home's comfort, as well as information on available DEO financial incentives for recommended weatherization and equipment upgrades and a list of participating contractors available to complete the recommended improvements. Updates to the proposed program include the availability of virtual energy assessments in lieu of the in-home assessments for customers that prefer this option. The proposed program will continue to offer financial incentives for a range of weatherization and building envelope improvements, but equipment rebates that are included in the current program are now offered through the proposed High Efficiency Residential Gas Equipment Program, described below.

High Efficiency Residential Gas Equipment Program. This program encourages residential customers to replace existing natural gas equipment with energy efficient equipment. The program provides financial incentives to participating customers who purchase and install qualifying high efficiency natural gas equipment in their homes. Several of these equipment incentives are currently offered through DEO's existing Home Performance with ENERGY STAR Program and will continue to be promoted through the energy assessments conducted in that program. For the proposed DSM/EE portfolio, equipment rebates are being offered through this new program to remove the requirement that customers have an energy assessment in order to be eligible for equipment rebates, providing for a more streamlined participation process and eliminating the cost of the energy assessment for customers that already have identified the need for eligible equipment.

Residential New Construction Builder Program. This program focuses on improving the efficiency of new homes built in DEO's service territory by encouraging builders to incorporate efficient technologies and building practices in the construction of their homes. The program provides financial incentives to participating builders who construct homes that include eligible measures. The program includes two participation paths: 1) a whole home path for homes built to meet higher efficiency standards, with an incentive based on the independently modeled energy performance of the home; or 2) an individual equipment path with incentives offered based on the installation of qualifying natural gas equipment in the home.

Home Energy Report Program. Under this program, participants receive customized reports via direct mail and/or email to compare their energy use for the

month, and over the past year, to the consumption of a peer group of similar homes and homes that are considered energy efficient. The program also provides suggested actionable steps to generate awareness and motivate customers to produce energy savings through behavioral changes and engagement with other DSM/EE programs.

Housewarming Program (Low-Income). This program, which is currently offered by DEO, offers weatherization assistance at no cost to income eligible customers. The proposed program will continue to offer site visits that include an assessment of energy efficiency improvements, and then the direct installation of natural gas saving measures, including both easily installed measures such as high efficiency showerheads, faucet aerators, and hot water pipe insulation, as well as more labor-intensive measures such as air sealing, duct sealing, and additional insulation.

Residential EE Marketplace Program. This program offers customers an online store to purchase energy efficient products with rebates instantly applied to the purchase price. The online store will be available directly from DEO's website. Customers will create a user account using their DEO account number to validate their eligibility and will be able to purchase discounted equipment such as smart thermostats, high-efficiency showerheads, and faucet aerators, eliminating the need for a rebate application.

Multi-family Incentive Program. This program targets multi-family buildings that typically have the additional market barrier of split incentives, where the property owner or manager purchases equipment but the tenant pays the utility bill. The program provides property owners or managers with free, DSM/EE measures such as high-efficiency showerheads and faucet aerators to install in tenants' units, while also

providing educational materials for other DSM/EE improvements that can be made at the property and available DEO rebates for efficient natural gas equipment offered through the High Efficiency Residential Gas Equipment Program.

E3 Smart Program. This program provides training and educational materials to schoolteachers to offer a curriculum on energy efficiency to students. Participating students receive a kit with energy efficiency measures to install in their home to help lower their home energy usage. It is anticipated that this program will be implemented by the Ohio Energy Project, who currently offers this program in conjunction with other Ohio utilities including Columbia Gas of Ohio, CenterPoint Energy, and Ohio's Electric Cooperatives.

High Efficiency Commercial Gas Equipment Program. This program encourages small commercial customers to replace existing natural gas equipment with energy efficient equipment. The program provides financial incentives to eligible participating customers who purchase and install qualifying high efficiency natural gas equipment in their businesses. To receive an incentive, customers must submit a completed application and all required supporting documentation.

Commercial Custom Program. This program provides an avenue for eligible small commercial customers to propose projects and receive incentives for measures that are not contained in the High Efficiency Commercial Gas Equipment Program. Participants provide submittals for a firm quantity of natural gas reduction through the installation of DSM/EE measures in return for a fixed incentive based on the therm savings, up to a 50% cap equal to a percentage of the eligible incurred project cost. The Commercial Custom Program requires customers to submit specific information

for each project and to conduct energy engineering and savings verification at their own cost.

I would note that the program plans reflect the anticipated program attributes and estimated costs and savings, which may change depending on participation rates and future market conditions.

Q11. What is the proposed budget for the expanded DSM portfolio?

A. As reflected in DEO Exhibit 2.2, the proposed total budget for the DSM portfolio (which includes the \$5.5 million currently recovered through base rates) over the next five years equals:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total Budget	\$14,552,967	\$16,965,667	\$19,695,463	\$20,418,770	\$20,400,323

IV. PROGRAM IMPACTS

Q12. Please describe how individual energy efficiency measure impacts were determined.

A. Resource Innovations evaluated the energy savings, measure lives, and incremental customer costs (collectively referred to as measure impacts) of the measures described above using available data as follows:

- Natural gas savings were determined using engineering calculations that incorporated local weather characteristics, as appropriate, as well as verified impacts from similar programs in other jurisdictions, weather adjusted as appropriate, and publicly available energy efficiency technical reference manuals, including the 2020 State of Ohio Energy Efficiency Technical Reference Manual (Ohio TRM), where appropriate and applicable.

- Equipment useful lives were derived from a review of industry standard secondary sources, including the Ohio TRM.
- Incremental customer costs were based on a combination of locally applicable sources, including local retail cost data and average cost data provided by industry accepted sources, such as publicly available technical reference manuals, including the Ohio TRM. In line with industry standards, the incremental cost of a specific measure is defined as the cost to upgrade to the high efficiency technology from the baseline technology. For measures that are typically replaced at the end of their useful life, such as furnaces, the incremental cost reflects the cost to upgrade from a standard efficiency system.

Q13. What are the estimated impacts attributable to the portfolio?

- A. The proposed programs are expected to include over 200,000 participants annually, resulting in annual incremental energy savings over the next five years as follows:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total Savings (therms)	3,299,799	4,472,225	5,485,068	5,538,664	5,387,086

Q14. Have you quantified the estimated cumulative lifetime energy savings of the proposed portfolio?

- A. Yes, the estimated cumulative lifetime energy savings of the portfolio is over 262,000,000 therms.

Q15. Have you estimated the net present value of those savings to customers?

- A. Yes, the estimated net present value of total bill reductions for participating customers over the lifetime of installed measures is over \$83 million.

Q16. Did you evaluate the cost-effectiveness of the proposed programs?

A. Yes, the newly proposed and expanded programs² were evaluated from the perspectives of four standard cost-benefit analysis tests, which are consistent with the industry standards.

Q17. How was the cost-effectiveness of the proposed programs evaluated?

A. These cost-effectiveness tests used can be described as follows:

- Total Resource Cost Test (TRC) – this test is designed to measure whether a program is cost-effective from a societal perspective and includes both the participant’s costs and the utility’s costs.
- Utility Cost Test (UCT) – this test is designed to measure the cost-effectiveness of a program from the utility’s perspective.
- Participant Cost Test (PCT) – this test is designed to measure the cost-effectiveness of the program from the perspective of the customer who installs the eligible program measure.
- Ratepayer Impact Measure Test (RIM) – this test is designed to measure the impact on customer bills or rates due to changes in utility revenues and operating costs resulting from the program.

The results of each test are typically presented as a ratio of benefits to costs. In general, if benefits are equal to or greater than costs, resulting in a ratio of 1.0 or greater, the program passes from that test perspective.

² Because the Housewarming Program is offered to low-income customers who have the greatest needs for assistance with their utility bills but typically do not have the means to purchase and install energy efficiency improvements, and because of the increased cost to improve the comfort and efficiency of their homes, the Housewarming program was excluded from the cost-effectiveness screening used for the other proposed programs.

Q18. Please describe the cost-benefit analysis process and results for the proposed DSM/EE programs.

A. The cost-benefit analysis for the newly proposed and expanded programs included two key components as follows:

1. Program-Level Analysis: Leveraging measure-level impacts, Resource Innovations analyzed the program costs and benefits of the proposed offerings. During this step, program-specific operational and administrative program costs were included and summed along with the measure-level costs within a program to assess the program impacts.
2. Portfolio-Level Analysis: Program impacts for each of the newly proposed and expanded programs were summed, and portfolio-level management, administrative, and evaluation costs that extend across all programs (such as overall program management and reporting) were added to the individual program costs.

Q19. Can you summarize the findings of the cost-benefit analysis?

A. DEO Exhibit 2.2 provides the cost-benefit analysis results for each program and the overall portfolio of proposed DSM/EE programs. Each program and the overall portfolio have benefit/cost ratios greater than 1.0 from the TRC, PCT, and UCT perspectives.

Q20. Are there additional benefits from the proposed DSM/EE programs beyond the impacts included in the cost-benefit analysis?

A. Yes, the quantified benefits used for the cost-benefit analysis are based on the quantity of natural gas saved by participating customers, but the programs will also create numerous non-energy benefits (NEBs). These additional benefits include direct economic benefits through jobs created by the programs, health and safety

improvements including the identification of combustion safety issues from existing equipment in homes, and other environmental impacts including avoided carbon dioxide (“CO₂”) emissions, resulting from the natural gas savings. The lifetime impacts from the program participation expected over the next five program years are estimated to avoid approximately 1,400,000 metric tons of CO₂, which is equivalent to taking over 302,000 automobiles off the road for one year.

Q21. Please summarize your testimony.

A. Resource Innovations has worked collaboratively with DEO to review its current DSM/EE programs, discuss the characteristics of customers in the DEO service territory, and identify DSM/EE opportunities to better educate and overcome financial barriers experienced by customers. Based on this information and Resource Innovations’ experience with natural gas DSM/EE programs in the region and around the country, we have developed the proposed cost-effective programs to provide additional opportunities for DEO’s customers to conserve natural gas. As a result of my analysis, as well as review of the other testimony and exhibits proposed in support of DEO’s request in this docket, I recommend that DEO’s proposed expansion of its DSM/EE portfolio be approved.

Q22. Does this conclude your direct testimony?

A. Yes, although I reserve the right to supplement or amend my testimony before or during the Commission’s hearing in this proceeding.

Jim Herndon

Vice President

Jim Herndon is a Vice President in the Resource Innovations Strategy & Planning (S&P) group located in the Cary, NC office. Jim currently focuses on strategic planning and program design for utility demand-side management (DSM) initiatives throughout the country. His planning and design work is informed by 19 years of experience in all facets of DSM programs including performing market assessments and portfolio planning, managing turnkey implementation, conducting technical project reviews, and delivering third-party program evaluations. In providing strategic consulting services, Jim strives to understand the client's goals and objectives and tailor the analysis to leverage industry best practices while aligning with the client's individual characteristics and needs)

AREAS OF EXPERTISE:

- **Resource Planning Support:** Providing technical analysis, regulatory support, and expert witness testimony for DSM program development and integrated resource planning (IRP) activities to electric and natural gas utilities.
- **Energy Analysis and Market Characterization:** Evaluating the technical and economic applicability of DSM measures for program development; and determining energy savings estimates and market potential for measures and program offerings in a particular region or service territory.
- **Portfolio Planning and Program Design:** Conducting cost-effectiveness analysis and providing strategic insights to assist in the planning, design, and implementation of DSM programs.
- **Program Management:** Ensuring compliance with energy program rules; coordinating staff workload and budgets; working directly with service providers and customers on projects; and advising contractors on savings estimates.

EXPERIENCE

Vice President, Resource Innovations (2018 - Present)

Principal Consultant, Resource Innovations (2014 - 2018)

Senior Project Manager/Project Manager, Resource Innovations (2007 - 2014)

Senior Engineer/Project Engineer, Resource Innovations (2002 - 2007)

Project Engineer, EMCON/IT Corporation (1998 - 2001)

EDUCATION, CERTIFICATIONS, AND LICENSING

M.S. in Engineering Management – Duke University

B.S. in Civil and Environmental Engineering – Duke University

REPRESENTATIVE PROJECTS

Columbia Gas of Virginia (CVA) – DSM Program Design and Implementation (2010–Present)

Jim is the technical lead for the Resource Innovations program design and regulatory support services team for CVA's WarmWise program offerings. Resource Innovations support includes portfolio planning and regulatory support for CVA's residential and commercial energy efficiency programs, as well as providing

rebate processing and other support services to assist CVA in the implementation of their programs. Jim has led Resource Innovations portfolio planning efforts, including market characterization analysis, technical analysis of proposed programs and portfolio, development of annual program budgets and savings targets, and regulatory support of CVA's program filings with the Virginia State Corporation Commission, including providing written testimony supporting Resource Innovations analysis.

Virginia Natural Gas – DSM Program Design and Regulatory Support (2014–Present)

Jim currently leads Resource Innovations technical and regulatory support for Virginia Natural Gas's residential DSM portfolio. Support activities include: program cost-effectiveness analysis and preparation of regulatory filings, including annual status updates to the Virginia State Corporation Commission, and technical analysis and testimony for regulatory approval of program updates and modifications.

Elizabethtown Gas – DSM Program Design and Regulatory Support (2016–2018)

Jim led the Resource Innovations technical and regulatory support for Elizabethtown Gas's development of updated DSM program offerings to their residential and commercial customers. Resource Innovations worked collaboratively with Elizabethtown Gas to develop cost-beneficial programs for their eligible customer base. Support activities include program cost-effectiveness analysis and preparation of testimony for regulatory program filing with the New Jersey Board of Public Utilities.

Duke Energy – Market Potential Studies (2015–Present)

Jim has directed multiple DSM market potential studies for Duke Energy's North Carolina, South Carolina, Indiana and Ohio service territories. The studies for each service territory integrated both energy efficiency and demand response opportunities across Duke Energy's residential, commercial, and industrial customer classes; and determined the technical, economic, and program potential. Resource Innovations conducted the studies in close coordination with Duke Energy's IRP team, as well as program design and delivery teams, in order to provide an accurate assessment of market potential that can be directly applied to Duke Energy's current and future DSM planning efforts.

Duke Energy – Program Evaluations (2014–Present)

Jim currently serves as the Project Manager for Resource Innovations evaluation, measurement and verification (EM&V) of five DSM program offerings. The evaluation activities include separate impact and process evaluations across Duke Energy's five service territories to assess program performance, adherence to best practices, and opportunities for program improvements. Jim provides daily project management oversight of Resource Innovations project staff, coordination of resources, and quality control oversight of project deliverables.

Florida Statewide Potential Study (2017-2019)

Jim led the Resource Innovations team that was retained by Florida Power & Light on behalf of seven utilities in the state of Florida to complete technical potential studies for all seven utilities. The scope of the studies included Energy Efficiency (EE), Demand Response (DR), and Distributed Energy Resources (DER) opportunities across the residential, commercial, and industrial sectors, including interaction between these categories of DSM in order to account for overlapping impacts. In addition to the technical potential analysis, Resource Innovations assessed economic and achievable potential for a subset of the seven utilities. Following the completion of the studies, Resource Innovations provided regulatory support for the 2019 Florida Goals Proceeding including preparation of direct written testimony, deposition, and support for the discovery process by preparing required responses to data requests and regulatory interrogatories. Resource Innovations also provided oral testimony during the Commission's hearing on the Goals Proceeding.

Santee Cooper – DSM Program Design and Implementation (2009–Present)

Jim provides strategic program design support activities for Santee Cooper's suite of energy efficiency programs across the residential and commercial market segments, as well as strategic program advisory services for Santee Cooper's long-term energy reduction goals. Previously, Jim managed Resource Innovations initial development, rollout, and management of Santee Cooper's commercial energy efficiency programs.

Georgia Power Company – DSM Program Analysis and IRP Support (2005–2019)

Jim provided technical and regulatory support for Georgia Power Company's DSM program analysis in the residential and commercial markets for their 2007, 2010, 2013, 2016, and 2019 IRP filings. The program analysis support included comprehensive compilation and assessment of applicable DSM measures and technologies across the residential, commercial, and industrial sectors, as well as the determination of the overall market potential through four separate technical potential studies (completed in 2007, 2012, 2015 and 2018). Jim also led the portfolio planning efforts that included developing preliminary program designs, savings targets, and budgets, along with supporting cost-effectiveness analysis to determine the feasibility of individual measures and program offerings for implementation.

Dominion Virginia Power – Program Development and Regulatory Support (2014–2016)

Jim served as the program design lead and expert witness in support of Dominion Virginia Power's regulatory filing for three proposed DSM program offerings. He provided input on the delivery structure, eligibility criteria, and cost-effectiveness analysis in the development of program offerings. Additionally, Jim provided written and oral testimony on behalf of Dominion Virginia Power in support of the Resource Innovations technical analysis on the feasibility and cost-effectiveness of the programs to the Virginia State Corporation Commission.

Los Angeles Department of Water and Power (LADWP) – Energy Efficiency Potential Study (2013–2015)

Jim managed the development of an energy efficiency potential study for the LADWP. Under his direction, Resource Innovations quantified the energy efficiency potential for LADWP's service territory, including collection of primary data through facility auditing to determine the energy efficiency potential of facilities owned by the City of Los Angeles. The study followed industry best practices to determine the energy efficiency potential, and undertook unique approaches to aggregate and bundle measures into program delivery channels to identify all possible achievable savings. The study will inform LADWP's short-term program planning, as well as updates to their 10-year program planning targets.

Proposed DSM/EE Portfolio¹

Home Performance with ENERGY STAR Program

Overview

The Home Performance with ENERGY STAR (HPwES) Program provides a comprehensive approach to energy efficiency improvements in existing residential homes. This program is a continuation and expansion of Dominion Energy Ohio's (DEO) current program offered to residential customers. The program will provide in-person or virtual home energy assessments, direct installation of several energy efficiency measures, and financial incentives to participating customers who purchase and install qualifying weatherization and building envelopment improvement measures.

Customer Eligibility and Participation Process

This program is available to DEO residential natural gas customers. The program starts with a comprehensive home energy assessment by a certified auditor and the free installation of several low-cost EE products including the following:

- High-efficiency showerheads
- Kitchen and bathroom faucet aerators
- Carbon monoxide detector
- Water heater pipe wrap

Alternatively, customers may select to have a virtual home assessment completed via video conference with a certified auditor. Participants in the virtual assessment can have the low-cost EE products shipped to their home.

Following the assessment (in-home or virtual), customers receive a customized report with recommendations on how to save energy and improve their home's comfort, as well as information on available DEO financial incentives for recommended weatherization and equipment upgrades and a list of participating contractors available to complete the recommended improvements. Upon installation of eligible measures, customers submit a rebate application with details on the installed measures to receive a post-purchase rebate as specified in the table below.

¹ The following programs reflect the anticipated program attributes and estimated costs and savings, which may change depending on participation rates and future market conditions.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Home Performance with ENERGY STAR								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Home Audit	In-person or virtual assessment with direct installation of EE measures	41.4	\$25 customer co-pay	3,500	4,000	4,500	4,500	4,500
Attic or Ceiling Insulation	Pre R-value < 20, Post R-value > 44	207.7	\$240	800	850	1,000	1,000	1,000
Wall Insulation	Pre R-value: no existing insulation	116.8	\$150	300	350	400	400	400
R-Floor Insulation	Pre R-value: no existing insulation	132.2	\$240	25	35	40	40	40
Duct Insulation	Pre R-value: no existing insulation	54.2	\$240	40	60	65	65	65
Pull-down stair insulation	Minimum insulation value of R-13	2.3	\$30	25	25	25	25	25
Air Sealing	Target 25% reduction in infiltration rate	75.1	\$200	600	750	900	900	900
ES Windows	Meet ENERGY STAR specifications	25.1	\$100	1,600	1,700	1,800	1,800	1,800
R-ES Doors	Meet ENERGY STAR specifications	10.8	\$75	200	200	200	200	200
Smart Thermostat	ENERGY STAR certified; must have natural gas heat	51.3	\$75 customer co-pay	850	1,000	1,200	1,200	1,200
Total Incentives:				\$1,423,695	\$1,617,395	\$1,833,708	\$1,833,708	\$1,833,708
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$575,340	\$583,670	\$595,930	\$595,930	\$595,930
Total Annual Budget:				\$1,999,035	\$2,201,065	\$2,429,638	\$2,429,638	\$2,429,638
Total Annual Savings (therms):				482,783	543,606	626,292	626,292	626,292

High Efficiency Residential Gas Equipment Program

Overview

The High Efficiency Residential Gas Equipment Program encourages the installation of energy efficient equipment in existing homes. This program is a new program that provides financial incentives to participating customers who purchase and install qualifying high efficiency residential natural gas equipment measures to replace existing natural gas equipment in their homes.

Customer Eligibility and Participation Process

This program is available to DEO natural gas residential customers that meet the eligibility requirements per measure, as specified in the table below. Customers may initially receive an energy assessment through the HPwES program to assist in identifying applicable DSM/EE measures for their home, or may participate directly through the installation of eligible measures in their home. Participating customers will need to submit a completed application form and all required supporting documentation, such as invoices or receipts for the equipment purchased or work performed for rebates.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

High Efficiency Residential Gas Equipment Program								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Tier 1 High Efficiency Gas Furnace (90%)	90%+ AFUE	87.8	\$200	100	100	105	105	105
Tier 2 High Efficiency Gas Furnace (95%)	95%+ AFUE	124.8	\$400	1,504	2,105	2,607	2,607	2,607
High Efficiency Gas Boiler (90%)	90%+ AFUE	63.3	\$200	5	5	5	5	5
Dual Fuel Heat Pump	ENERGY STAR® Certified Ducted Heat Pump with HSPF ≥ 9.0; SEER ≥14; ENERGY STAR® Certified Natural Gas Heating System; changeover setpoint ≤ 40° F	39.6	\$200	50	150	300	350	350
Tier 1 Gas Storage Water Heater	0.64+ UEF	56.0	\$150	28	55	55	55	55
Tier 2 Gas Storage Water Heater	0.80+ UEF	89.8	\$400	75	100	150	150	150
Tier 1 Gas Tankless Water Heater (0.80)	0.80+ UEF	89.8	\$150	200	350	500	500	500
Tier 2 Gas Tankless Water Heater (0.90)	0.90+ UEF	116.2	\$350	200	400	600	700	700
Smart Thermostat	ENERGY STAR certified; must have natural gas heat	51.3	\$50	1,123	1,544	1,898	1,898	1,898
Direct Vent Gas Fireplace	FE ≥ 70% with an electronic pilot ignition	41.1	\$200	10	10	10	10	10
Total Incentives:				\$824,940	\$1,212,925	\$1,574,970	\$1,619,970	\$1,619,970
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$519,448	\$529,685	\$543,804	\$545,304	\$545,304
Total Annual Budget:				\$1,344,388	\$1,742,610	\$2,118,774	\$2,165,274	\$2,165,274
Total Annual Savings (therms):				306,282	447,288	575,715	589,310	589,310

Residential New Construction Builder Program

Overview

The New Construction Builder Program focuses on improving the efficiency of new homes built in DEO's service territory by encouraging builders to incorporate efficient technologies and building practices in the construction of their homes. The program provides financial incentives to participating builders who construct new homes that include eligible measures.

Customer Eligibility and Participation Process

This program is available to builders who construct homes in DEO's service territory with a DEO gas meter connection. The program includes two participation paths, as follows:

- Whole home performance path:
 - For homes built to meet higher efficiency standards, with incentive based on the independently modeled energy performance of the home by a HERS rater. The participating home must show natural gas savings achieved by comparing usage of the subject home against a software-designed market baseline home.
- Individual equipment path:
 - Incentives are offered based on installation of qualifying efficient natural gas equipment in the home, as listed in the table below.

Builders are only eligible to participate in one participation path per home. To receive an incentive for an eligible measure, builders will submit a completed application form and all required supporting documentation, such as invoices or receipts for the equipment purchased or work performed and a copy of the home's energy model.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Residential New Construction Builder				Incremental Participation				
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Yr1	Yr2	Yr3	Yr4	Yr5
Performance-based whole home improvements	Natural gas savings achieved by comparing usage of the subject home against a software-designed baseline home	180.2	\$3/therm saved	400	1,000	1,800	2,200	2,200
Tier 2 High Efficiency Gas Furnace (95%)	95%+ AFUE	106.0	\$400	100	750	1,200	1,200	1,200
Dual Fuel Heat Pump	ENERGY STAR® Certified Ducted Heat Pump with HSPF ≥ 9.0; SEER ≥ 14; ENERGY STAR® Certified Natural Gas Heating System; changeover setpoint ≤ 40° F	39.6	\$200	150	600	1,200	1,200	1,200
Tier 2 Gas Tankless Water Heater (0.90)	0.90+ UEF	116.2	\$300	50	200	250	250	250
Tier 2 Gas Storage Water Heater	Tier 2: 0.80+ UEF	79.0	\$350	50	75	100	100	100
2 x 6 or Equivalent Exterior Wall	R-23 or code equivalent	95.9	\$100	50	80	150	150	150
High Efficiency Windows	ENERGY STAR certified	25.1	\$2.50/sq ft	25	50	50	50	50
Smart thermostat	ENERGY STAR certified; must have natural gas heat	51.3	\$50	250	1,350	2,400	2,400	2,400
Direct Vent Gas Fireplace	FE ≥ 70% with an electronic pilot ignition	41.1	\$200	10	10	10	10	10
Total Incentives:				\$340,730	\$1,129,324	\$1,945,033	\$2,161,262	\$2,161,262
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$238,825	\$360,175	\$497,200	\$515,200	\$515,200
Total Annual Budget:				\$579,555	\$1,489,499	\$2,442,233	\$2,676,462	\$2,676,462
Total Annual Savings (therms):				117,019	391,155	675,081	747,158	747,158

Home Energy Report Program

Overview

To further encourage customer engagement with home energy management and energy efficiency in order to reduce energy consumption, the Residential Home Energy Report Program provides customer-specific information that allows customers to compare their energy use for the month, and over the past year, to the consumption of a peer group of similar homes and homes that are considered energy efficient. Participating customers receive a Home Energy Report (HER) via direct mail or email (eHER) several times a year with a summary of their energy consumption data and consumption over the same time period by their peers. The program also provides suggested actionable steps to generate awareness and motivate customers to produce energy savings through behavioral changes and engagement with other EE programs.

Customer Eligibility and Participation Process

This program is available to DEO residential customers with an individual natural gas meter and at least thirteen months of consumption history. A portion of eligible customers are placed into a control group to satisfy evaluation, measurement, and verification (EM&V) requirements. Customers assigned to the control group are not eligible to participate in the HER program. The program is an opt-out program – that is, customers can notify DEO that they no longer wish to receive a HER and will be subsequently removed from the program.

The HER program does not offer incentives for the installation of specific energy efficiency measures in the home, but rather provides participants with a free HER summarizing their energy consumption data and consumption over the same time period by their peers.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Home Energy Reports				Incremental Participation				
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Yr1	Yr2	Yr3	Yr4	Yr5
Customer Home Energy Reports	Email or paper energy comparison reports	9.0	N/A	192,000	176,256	211,804	194,436	178,492
Total Incentives:				N/A	N/A	N/A	N/A	N/A
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$929,500	\$732,268	\$838,912	\$786,808	\$738,976
Total Annual Budget:				\$929,500	\$732,268	\$838,912	\$786,808	\$738,976
Total Annual Savings (therms):				1,434,444	1,685,520	1,904,630	1,840,291	1,689,388

Residential EE Marketplace Program

Overview

The Residential EE Marketplace Program is a new program for DEO that provides customers energy efficiency products with rebates instantly applied to the purchase price through Dominion Energy Marketplace, an online store available via DEO's website.

Customer Eligibility and Participation Process

This program is available to DEO natural gas residential customers. Customers will participate in the program by creating a user account on the Marketplace website using their DEO account number to validate their eligibility. The EE Marketplace website will offer discounts on eligible DSM/EE products to customers, such as smart thermostats, high efficiency showerheads, and faucet aerators, etc.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Residential EE Marketplace								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Smart thermostat	ENERGY STAR certified; must have natural gas heat	51.3	\$50	6,000	8,000	10,000	10,000	10,000
High Efficiency Showerheads	≤ 1.5 GPM	16.8	\$7	500	600	600	600	600
Faucet aerators	≤ 1.0 GPM	6.2	\$2	200	300	300	300	300
Caulk, weatherstripping		7.6	\$5	250	300	300	300	300
Total Incentives:				\$305,175	\$406,330	\$506,330	\$506,330	\$506,330
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$75,000	\$45,000	\$45,000	\$45,000	\$45,000
Total Annual Budget:				\$380,175	\$451,330	\$551,330	\$551,330	\$551,330
Total Annual Savings (therms):				319,105	424,306	526,834	526,834	526,834

Multi-family Incentive Program

Overview

The Multifamily Incentive Program targets multi-family property owners and managers. This new program provides free DSM/EE measures (showerheads and aerators) to participating property owners and managers, to install in tenants' units. The program will also provide educational materials for other DSM/EE improvements that can be made at the property and available DEO rebates for efficient natural gas equipment offered through the High Efficiency Residential Gas Equipment Program.

Customer Eligibility and Participation Process

This program is available to multi-family property owners and managers in DEO's service territory with a DEO gas meter connection. Program marketing and outreach campaigns will target this customer segment and owners and managers will also be able to reach out to DEO to schedule delivery of the EE measures and educational materials.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Multi-family				Incremental Participation				
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Yr1	Yr2	Yr3	Yr4	Yr5
Faucet aerators	≤ 1.0 GPM	6.2	100%	200	400	600	600	600
High Efficiency Showerheads	≤ 1.5 GPM	16.8	100%	200	400	600	600	600
Total Incentives:				\$1,800	\$3,600	\$5,400	\$5,400	\$5,400
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$36,250	\$38,750	\$43,750	\$43,750	\$43,750
Total Annual Budget:				\$38,050	\$42,350	\$49,150	\$49,150	\$49,150
Total Annual Savings (therms):				4,586	9,172	13,758	13,758	13,758

Housewarming Program

Overview

The Housewarming Program promotes energy efficiency improvements in existing homes occupied by low-income customers. This program is a continuation and expansion of DEO's current program offered to income eligible residential customers. The program will offer site visits that include an assessment of energy efficiency improvements and the direct installation of natural gas saving measures, including both easily installed measures such as high efficiency showerheads, faucet aerators, and hot water pipe insulation, as well as more labor-intensive measures such as air sealing, duct sealing, and additional insulation.

Customer Eligibility and Participation Process

This program is available to DEO residential customers that meet the annual household income requirements and have either natural gas space heating or water heating equipment in the home. The participation process will include the following steps:

- Confirm customer eligibility.
- Site visit to eligible residence to provide educational material and discuss opportunities to conserve energy, as well as direct installation of EE measures such as high efficiency showerheads, faucet aerators, and hot water pipe insulation.
- Installation of additional conservation measures to improve the performance of the home, primarily targeting space heating and water heating improvements, including weatherization improvement measures, such as air sealing and duct sealing where applicable.

Measure Details and Annual Program Estimates

The following table details savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Housewarming								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Total home improvements	Weatherization, space heating, and water heating improvements as needed	224.0	100%	1,225	1,275	1,350	1,420	1,420
Total Incentives:				\$5,880,490	\$6,120,510	\$6,480,540	\$6,816,568	\$6,816,568
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$1,215,500	\$1,269,900	\$1,338,270	\$1,405,684	\$1,439,718
Total Annual Budget:				\$7,095,990	\$7,390,410	\$7,818,810	\$8,222,252	\$8,256,286
Total Annual Savings (therms):				274,356	285,555	302,352	318,029	318,029

E3 Smart Program

Overview

The E3 Smart Program provides training and educational materials to school teachers to offer a curriculum on energy efficiency to students. Participating students receive a kit with energy efficiency measures to install in their homes to help lower their homes energy usage. This program is anticipated to be implemented by the Ohio Energy Project, who currently offers this program in conjunction with other Ohio utilities including Columbia Gas of Ohio, CenterPoint Energy, and Ohio's Electric Cooperatives.

Customer Eligibility and Participation Process

This educational program is offered to schools throughout DEO's service territory, and provides energy efficiency information to school classes. The program enrolls participating teachers in the program, providing training and curriculum materials for their use, as well as DSM/EE kits for distribution to students.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

E3 Smart Program				Incremental Participation				
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Yr1	Yr2	Yr3	Yr4	Yr5
Behavioral Changes in Home	adjustments to thermostat and water heater set points at participating students' homes	6.2	N/A	3,900	11,245	12,896	13,242	13,193
EE Kit giveaway	Kit includes high efficiency showerheads, faucet aerators	7.8	100%	3,900	11,245	12,896	13,242	13,193
Total Incentives:				\$29,796	\$85,912	\$98,525	\$101,167	\$100,798
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$98,904	\$340,160	\$359,828	\$363,462	\$360,470
Total Annual Budget:				\$128,700	\$426,072	\$458,353	\$464,630	\$461,268
Total Annual Savings (therms):				54,411	156,885	179,919	184,744	184,069

High Efficiency Commercial Gas Equipment Program

Overview

The High Efficiency Commercial Gas Equipment Program encourages commercial customers to replace existing natural gas equipment with energy efficient equipment. This program is a new program that will provide financial incentives to eligible participating customers who purchase and install qualifying high efficiency natural gas equipment measures for commercial facilities.

Customer Eligibility and Participation Process

This program is available to DEO natural gas commercial customers served under the General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) rate schedules that meet the eligibility requirements per measure, as specified in the table below. Customers may receive an incentive for purchasing and installing an eligible measure then submitting completed application form and all required supporting documentation, such as invoices or receipts for the equipment purchased or work performed for rebates.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

High Efficiency Commercial Gas Equipment Program								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Tier 1 High Efficiency Gas Furnace (90%)	90%+ AFUE	118.3	\$200	100	125	150	150	150
Tier 2 High Efficiency Gas Furnace (95%)	95%+ AFUE	158.6	\$400	250	325	450	500	500
High Efficiency Gas Boiler (90%)	90%+ AFUE	118.3	\$200	5	5	5	5	5
Smart Thermostat	ENERGY STAR certified; must have natural gas heat	76.7	\$50	350	450	600	650	650
Infrared Heater	Infrared Heating System replacing existing natural gas heater (non-infrared)	45.1	\$200	25	25	25	25	25
Tier 1 Gas Storage Water Heater	ENERGY STAR (0.64+), <75k Btu (Residential type/size)	43.9	\$150	25	25	25	25	25
Tier 2 Gas Storage Water Heater	ENERGY STAR (0.80+), <75k Btu (Residential type/size)	79.0	\$400	20	20	20	20	20
High Efficiency Gas Tankless Water Heater	ENERGY STAR (0.80+), <75k Btu (Residential type/size)	89.8	\$150	10	10	10	10	10
High Efficiency Commercial Gas Storage Water Heater	ENERGY STAR Commercial Grade (>75k Btu)	399.9	\$2/kBtu	25	30	50	50	50
ENERGY STAR Gas Convection Oven	ENERGY STAR certified	156.0	\$400	50	125	150	150	150
ENERGY STAR Gas Combination Oven	ENERGY STAR certified	266.1	\$1,000	25	75	125	125	125
ENERGY STAR Gas Commercial Fryer	ENERGY STAR certified	507.9	\$400	100	350	450	450	450
ENERGY STAR Gas Griddle	ENERGY STAR certified	149.0	\$300	200	250	250	250	250
Pre-Rinse Spray Valve	1.25 gpm unit	46.7	\$25	500	750	1,000	1,000	1,000
ENERGY STAR Steam Cooker	ENERGY STAR certified	912.3	\$750	100	125	150	150	150
Total Incentives:				\$399,250	\$661,750	\$859,250	\$881,750	\$881,750
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$371,700	\$455,300	\$547,700	\$559,700	\$559,700
Total Annual Budget:				\$770,950	\$1,117,050	\$1,406,950	\$1,441,450	\$1,441,450
Total Annual Savings (therms):				303,314	521,738	666,488	678,249	678,249

Commercial Custom Program

Overview

The Commercial Gas Custom Program promotes energy efficiency improvements in existing commercial buildings. This program is a new program that will provide financial incentives to participating customers who purchase and install qualifying high efficiency natural gas equipment measures that are not included in the High Efficiency Commercial Gas Equipment Program list. Program incentives are offered based on the calculated therm savings resulting from the measure or system improvements implemented at commercial facilities. The Commercial Gas Custom Program typically requires more effort and precision in the calculation and verification of gas savings.

Customer Eligibility and Participation Process

This program is available to DEO natural gas commercial customers served under the General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) rate schedules that meet the measure eligibility requirements, as specified in the table below. Participants must provide submittals for a firm quantity of natural gas reduction through the installation of EE measures in return for a fixed incentive based on the therm savings, up to a 50% cap equal to a percentage of the eligible incurred project cost. The Commercial Custom Program requires customers to submit specific information for each project and obtain DEO approval prior to measure installation, and to conduct energy engineering or modeling and savings verification at their own cost. Project incentives are paid upon project completion and verification of installation and savings by DEO.

Measure Details and Annual Program Estimates

The following table details the eligible measures, including efficiency standards, savings estimates, incentive levels, and annual participation. Annual program budgets and savings are also provided.

Commercial Custom Program								
Measures	Minimum Efficiency Requirements	Savings (therms)	Incentive	Incremental Participation				
				Yr1	Yr2	Yr3	Yr4	Yr5
Custom Measure	Produce verifiable natural gas reduction with minimum measure life of 7 years	3,500	\$1/therm	1	2	4	4	4
Total Incentives:				\$2,987	\$5,974	\$11,948	\$11,948	\$11,948
Total Program Non-Incentive (Admin, Mgmt, Marketing):				\$28,500	\$29,500	\$41,500	\$41,500	\$41,500
Total Annual Budget:				\$31,487	\$35,474	\$53,448	\$53,448	\$53,448
Total Annual Savings (therms):				3,500	7,000	14,000	14,000	14,000

Incremental Annual Energy Savings

Program	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
High Eff. Residential Gas Equipment	306,282	447,288	575,715	589,310	589,310
Home Performance with ENERGY STAR	482,783	543,606	626,292	626,292	626,292
E3 Smart	54,411	156,885	179,919	184,744	184,069
Home Energy Report	1,434,444	1,685,520	1,904,630	1,840,291	1,689,388
Res. New Construction Builder	117,019	391,155	675,081	747,158	747,158
Housewarming	274,356	285,555	302,352	318,029	318,029
Residential EE Marketplace	319,105	424,306	526,834	526,834	526,834
Multi-Family Incentive	4,586	9,172	13,758	13,758	13,758
High Eff. Commercial Gas Equipment	303,314	521,738	666,488	678,249	678,249
Commercial Custom	3,500	7,000	14,000	14,000	14,000
Total Savings (therms)	3,299,799	4,472,225	5,485,068	5,538,664	5,387,086

Annual Budgets

Program	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
High Efficiency Residential Gas Equipment	\$1,344,388	\$1,742,610	\$2,118,774	\$2,165,274	\$2,165,274
Home Performance with ENERGY STAR	\$1,999,035	\$2,201,065	\$2,429,638	\$2,429,638	\$2,429,638
E3 Smart	\$128,700	\$426,072	\$458,353	\$464,630	\$461,268
Home Energy Report	\$929,500	\$732,268	\$838,912	\$786,808	\$738,976
Res. New Construction Builder	\$579,555	\$1,489,499	\$2,442,233	\$2,676,462	\$2,676,462
Housewarming	\$7,095,990	\$7,390,410	\$7,818,810	\$8,222,252	\$8,256,286
Residential EE Marketplace	\$380,175	\$451,330	\$551,330	\$551,330	\$551,330
Multi-Family Incentive	\$38,050	\$42,350	\$49,150	\$49,150	\$49,150
High Eff. Commercial Gas Equipment	\$770,950	\$1,117,050	\$1,406,950	\$1,441,450	\$1,441,450
Commercial Custom	\$31,487	\$35,474	\$53,448	\$53,448	\$53,448
Portfolio Mgmt/Admin	\$1,255,137	\$1,337,540	\$1,527,865	\$1,578,328	\$1,577,041
Total Budget	\$14,552,967	\$16,965,667	\$19,695,463	\$20,418,770	\$20,400,323

Incremental Annual Participation

Program	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
High Eff. Residential Gas Equipment	3,295	4,819	6,230	6,380	6,380
Home Performance with ENERGY STAR	3,500	4,000	4,500	4,500	4,500
E3 Smart	3,900	11,245	12,896	13,242	13,193
Home Energy Report	192,000	176,256	211,804	194,436	178,492
Res. New Construction Builder	650	2,350	4,200	4,600	4,600
Housewarming	1,225	1,275	1,350	1,420	1,420
Residential EE Marketplace	6,950	9,200	11,200	11,200	11,200
Multi-Family Incentive	200	400	600	600	600
High Eff. Commercial Gas Equipment	1,785	2,690	3,460	3,560	3,560
Commercial Custom	1	2	4	4	4
Total Participants	213,506	212,237	256,244	239,942	223,950

Portfolio Cost-Benefit Results

Program	Total Resource Cost		Participant Cost Test		Utility Cost Test		Ratepayer Impact Measure	
	NPV	B/C	NPV	B/C	NPV	B/C	NPV	B/C
High Efficiency Residential Gas Equipment	\$2,065,290	1.2	\$10,077,754	2.1	\$5,131,096	1.6	-\$8,012,463	0.6
Home Performance with ENERGY STAR	\$1,575,627	1.1	\$11,320,162	2.0	\$5,790,462	1.6	-\$9,744,535	0.6
E3 Smart	\$591,245	1.4	\$2,324,366	7.7	\$591,245	1.4	-\$1,733,121	0.6
Home Energy Report	\$479,647	1.1	\$4,332,788	99.9	\$479,647	1.1	-\$3,853,141	0.5
Res. New Construction Builder	\$1,218,518	1.1	\$9,473,186	1.8	\$6,211,481	1.8	-\$8,254,669	0.6
Residential EE Marketplace	\$4,768,033	2.0	\$7,069,170	2.6	\$7,297,786	4.5	-\$2,301,136	0.8
Multi-Family Incentive	\$3,725	1.0	\$231,004	14.0	\$3,725	1.0	-\$227,278	0.5
High Eff. Commercial Gas Equipment	\$3,202,140	1.3	\$9,471,353	2.3	\$7,617,642	2.5	-\$6,269,213	0.7
Commercial Custom	\$86,666	1.4	\$298,506	5.1	\$123,292	1.6	-\$211,840	0.6
Portfolio Mgmt/Admin	-\$6,160,498	0.0	\$0	99.9	-\$6,160,498	0.0	-\$6,160,498	0.0
Totals	\$7,830,394	1.1	\$54,598,289	2.2	\$27,085,878	1.6	-\$46,767,895	0.6

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion Energy)	Case No. 21-1109-GA-ALT
Ohio for Approval of an Alternative Form)	
of Regulation)	

**DIRECT TESTIMONY OF CELIA B. HASHLAMOUN
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO**

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I. INTRODUCTION

Q1. Please state your name, business address and position.

A. My name is Celia B. Hashlamoun. I am employed by The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or Company) in the Rates Department as a Regulatory Specialist. My business address is 1201 East 55th Street, Cleveland, Ohio 44103.

Q2. Please describe your educational background and work experience.

A. I graduated from the University of Akron in 2007 with a Bachelor of Science in Business Administration concentrating in Corporate Finance. I joined DEO in February 2018 as a Regulatory Specialist in the Rates Department. My primary responsibilities include the planning and preparation of analyses that support various regulatory proceedings and other business needs. Prior to joining DEO, I was employed by FirstEnergy Corp., in the Rates and Regulatory Affairs Department. Prior to working at FirstEnergy, I was employed at Plante & Moran Corporate Finance as an Investment Banking Analyst.

Q3. What are your job responsibilities as Regulatory Specialist in the Rates Department?

A. My present duties include the development and preparation of various DEO regulatory filings and associated tariffs, as well as the regulatory accounting support for various DEO rates and riders.

Q4. In your capacity as Regulatory Specialist in the Rates Department, are you generally familiar with DEO's books and records?

A. Yes. I am responsible for preparing and making a variety of regulatory filings that include financial information derived from DEO's financial records, including the general ledger, annual reports, income statements, and balance sheets.

Q5. What is the purpose of your testimony in this proceeding?

A. My testimony supports DEO's request to expand the Company's demand side management (DSM) and energy efficiency (EE) programs. Specifically, I explain the Company's accounting treatment and cost recovery of DSM/EE programs. In addition, I discuss the bill impact of DEO's proposed expanded DSM/EE portfolio. Lastly, I support DEO's proposed changes to its DSM Rider tariff.

II. BACKGROUND – DSM RIDER

Q6. Please describe DEO's DSM Rider.

A. In DEO's last rate case, Case No. 07-829-GA-AIR, *et al.*, the Commission approved an alternative rate plan, pursuant to a stipulation, which provided for funding for DEO's DSM/EE programs and authorized the DSM Rider. DEO currently recovers \$5.5 million in DSM/EE funding through base rates. In addition, DEO is permitted to recover \$4.0 million annually through the DSM Rider. Opin. & Order (Oct. 15, 2008) at 7, 12.

Q7. Is the DSM Rider updated annually?

A. Yes. From the 2008 approval of the DSM Rider through 2016, DEO annually updated the DSM Rider rate to reflect annual expenditures within the \$4,000,000 limit and to account for any prior-year over- or under-recoveries. In Case No. 17-1372-GA-RDR, the Commission modified the procedures applicable to the DSM Rider and found "that an annual application process should be utilized to facilitate the review of the rider and audit each year." Finding & Order (Aug. 2, 2017) at 5. The Commission "direct[ed] DEO to open a new docket each year and file an application to adjust its DSM rider rate. The DSM rider adjustment application, including related supporting schedules, calculations, and proposed tariffs, shall be filed at least annually, by no later than December 1, for the Commission's review and approval." *Id.* at 6. Since that decision, DEO has filed annual

updates to the DSM Rider. *See* Case Nos. 17-2179-GA-RDR, 18-1589-GA-RDR, 19-1946-GA-RDR, 20-1626-GA-RDR, and 21-1096-GA-RDR.

Q8. How does DEO currently calculate the DSM Rider rate?

A. The DSM Rider, which is a volumetric per-Mcf charge, is currently calculated to recover \$4.0 million, as authorized under the stipulation approved by the Commission in Case No. 07-829-GA-AIR, *et al.*, for the prospective year plus or minus any prior year under- or over-recoveries. To calculate the per-Mcf rate, DEO utilizes planned volumes based on normal weather for the prospective twelve-month period. Schedules supporting the calculation of the per-Mcf rate, including prior year recoveries and historical and projected volumes, are included with the annual application.

Q9. When was DEO's current DSM Rider rate approved?

A. In Case No. 20-1626-GA-RDR, DEO filed its 2020 application to update the DSM Rider rate. Staff reviewed DEO's DSM Rider activity for the 12-month period October 1, 2019, through September 30, 2020, analyzing DEO's DSM/EE incurred costs, evaluating the prudence and the appropriateness of the recovery of the DSM/EE expenditures, and verifying the accuracy of the components used and the calculation of the revenue requirement. Finding & Order (Feb. 10, 2021) ¶ 7. Upon consideration of DEO's application and Staff's report, the Commission approved an updated DSM Rider rate in February 2021. *Id.* ¶ 8.

Q10. Did DEO recently file its 2021 application to update the DSM Rider rate?

A. Yes. In Docket 21-1096-GA-RDR, DEO recently filed its application to update the DSM Rider rate for \$4.0 million for the prospective year plus the amount of an under-recovery for the twelve months ended September 30, 2021, using planned volumes based on

normal weather for the prospective twelve-month period ending September 30, 2022. A Commission decision in that proceeding is expected in early 2022.

III. PROPOSED DSM ACCOUNTING AND COST RECOVERY

Q11. What accounting authority is DEO requesting in this application?

A. DEO proposes to continue using its established regulatory asset account to defer actual costs incurred that are recoverable through the DSM Rider and to offset those amounts by costs recovered.

Q12. What cost recovery authority is DEO requesting in this application?

A. In this application, DEO is requesting approval of a gradual increase in the Company's total annual DSM/EE funding for a five-year period, from the existing level of \$9.5 million annually, to an amount of up to approximately \$14.6 million in Year One and \$20.4 million in Year Five, with any funding in excess of the \$5.5 million in base rates being recovered annually through the DSM Rider. So that DEO may begin to offer its expanded portfolio of DSM/EE programs in 2023 as Year One, DEO is requesting that the Commission approve this application as soon as practicable, with a requested approval date of no later than November 1, 2022. Provided that DEO has Commission approval of this application by November 1, 2022, DEO proposes to file its next application to update the DSM Rider by December 1, 2022, and seek recovery of budgeted Year One DSM Rider costs, plus or minus the under- or over-recovery resulting from the then-current rider rate. This ratemaking would lessen the regulatory lag in recovering the gradual increase in DSM expenses.

Q13. For DSM Rider applications, when does DEO propose that such filings occur?

A. DEO proposes to continue filing no later than December 1 each year with rates effective for billing cycle six of the following April. For all program years, the DSM Rider would

reconcile prior period DSM/EE portfolio costs with associated rider recoveries and include budgeted DSM/EE portfolio costs for the subsequent calendar year. For example, the December 2023 DSM Rider filing would include a reconciliation of actual program costs through September 2023 plus an estimate of costs for October through December 2023 with actual/estimated recoveries through March 2024, the end of the period through which the then-current rider rate is expected to be effective, and would also include projected DSM/EE portfolio costs for 2024. It is my understanding that the Commission approved recovery of budgeted DSM/EE portfolio costs in Case No. 19-2084-GA-UNC for Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy of Ohio.

Q14. What is DEO proposing for cost recovery of DSM/EE expenses beyond Year Five?

A. For subsequent calendar years after Year Five, DEO proposes that the total amount of DSM/EE funding be increased annually by three percent, until such time as DEO files a subsequent application with the Commission to further modify the alternative rate plan to increase DSM/EE funding and/or offer new DSM/EE programs. During this period, DEO would continue to file annual updates to adjust the DSM Rider rate, which would allow Staff to continue to audit historical DSM/EE expenses and the reconciliation of actual DSM/EE recoveries.

Q15. Has DEO prepared a proposed DSM Rider tariff that would reflect the Company's proposed changes to the current cost recovery procedures?

A. Yes. Exhibit 3.1 reflects proposed changes to the current DSM Rider tariff that reflect the Company's proposed changes to current cost recovery procedures.

Q16. Is DEO proposing any changes to the customer classes to which the DSM Rider rate would be applied?

A. No.

Q17. Is DEO proposing any changes to billing determinants, cost allocation methodologies or rate design currently being used for the DSM Rider?

A. No.

IV. DSM BILL IMPACT

Q18. What is the existing DSM Rider rate?

A. In Case No. 20-1626-GA-RDR, the Commission approved the existing DSM Rider rate of \$0.0286 per Mcf.

Q19. Outside of this proceeding, has DEO proposed to update the existing DSM Rider rate?

A. Yes. In Case No. 21-1096-GA-RDR, DEO proposes to increase the DSM Rider rate to \$.0332 per Mcf.

Q20. Has DEO estimated the approximate DSM Rider rates for Year One through Year Five of the expanded DSM/EE portfolio and the approximate monthly residential bill impact?

A. Yes. The chart below reflects the Company's current estimates of the approximate DSM Rider rates for Year One through Year Five of the expanded DSM/EE portfolio. The chart also reflects the approximate monthly residential bill impact for each year.

<u>Year</u>	<u>DSM Rider Rates (per Mcf¹)</u>	<u>Total Monthly Residential DSM Rider Charge²</u>
Current (20-1626)	\$0.0286	\$0.23
Proposed (21-1096)	\$0.0332	\$0.27
Year One	\$0.0483	\$0.39
Year Two	\$0.0823	\$0.66
Year Three	\$0.1018	\$0.81

¹ Projected annual recovery divided by the most recently filed DSM planned volumes (139,359,931 Mcfs) per Case No. 21-1096-GA-RDR.

² Based on the typical residential customer's usage of 8 Mcf per month (97 Mcf per year).

Year Four	\$0.1071	\$0.86
Year Five	\$0.1069	\$0.86

Q21. Has DEO compared the bill impact to its customers of the proposed expanded DSM/EE portfolio with any other gas utility portfolio?

A. Yes. The charts below compare the budgets, estimated DSM rider rate per Mcf³, and monthly residential bill impact⁴ for Year One and Year Five of DEO's proposed expanded DSM/EE portfolio to Columbia Gas of Ohio's proposed DSM/EE budgets for 2023 and 2027 (Case No. 21-637-GA-AIR, *et al.*). This analysis utilizes the DSM/EE funding for both utilities that will flow through each company's respective rider. The analysis concludes that even though DEO is proposing an increase in DSM/EE spending, it is still well below DEO's peer and has less of an impact on DEO's customers.

<u>Year</u>	<u>DSM Budget</u>	<u>DSM Rider Rate (per Mcf)</u>	<u>Total Monthly Residential DSM Rider Charge</u>
DEO Year One	\$9,052,967	\$0.0483	\$0.39
Columbia 2023	\$29,754,369	\$0.2583	\$1.72

<u>Year</u>	<u>DSM Budget</u>	<u>Estimated DSM Rider Rate (per Mcf)</u>	<u>Total Monthly Residential DSM Rider Charge</u>
DEO Year Five	\$14,900,323	\$0.1069	\$0.86
Columbia 2027	\$31,920,042	\$0.2771	\$1.85

³ For DEO, projected annual recovery divided by the most recently filed DSM planned volumes (139,359,931 Mcfs) per Case No. 21-1096-GA-RDR. For Columbia, projected annual funding (does not include carrying costs or shared savings) divided by planned volumes per Case No. 20-1712-GA-RDR (115,212,601 Mcfs).

⁴This is the average monthly impact based on residential customer usage of 97 Mcf per year for DEO and 80 Mcf per year for Columbia.

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148 **Q22. Does this conclude your testimony?**

149 A. Yes.

THE EAST OHIO GAS COMPANY

~~Thirteenth~~ ~~Twelfth~~ Revised Sheet No. DSM 1
 Superseding ~~Twelfth~~ ~~Eleventh~~ Revised Sheet No. DSM 1

Demand Side Management (DSM) Rider

APPLICABILITY

An additional charge of \$~~X.XXX~~0.0286 per Mcf to recover the cost of demand side management programs shall be applied to all volumes delivered under the following rate schedules:

- a) General Sales Service – Residential
- b) General Sales Service – Nonresidential
- c) Energy Choice Transportation Service – Residential
- d) Energy Choice Transportation Service – Nonresidential

DESCRIPTION

East Ohio shall submit a request for approval of a DSM charge with the Public Utilities Commission of Ohio by December 1 of each year which, unless modified by the Commission, shall become effective for the sixth billing cycle of April.

This Rider is subject to reconciliation or adjustment, including, but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the ~~twelve-month~~ period of expenditures subjected to annual review and audit by the Commission, if determined to be unlawful, unreasonable, or imprudent by the Commission in such docket or by the Supreme Court of Ohio.

Issued: ~~March 2, 2021~~

Effective: With bills rendered on or after ~~March 12, 2021~~

Filed under authority of The Public Utilities Commission of Ohio in Case No. ~~XX20-XXXX~~1626-GA-RDR

James E. Eck, Vice President and General Manager

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Case No(s). 21-1109-GA-ALT

Summary: Application Application, Exhibits, and Direct Testimony for Approval of an Alternative Rate Plan electronically filed by Christopher T. Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio