

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Co-	)	
lumbia Gas of Ohio, Inc. for Authority	)	
to Amend its Filed Tariffs to Increase the	)	Case No. 21-637-GA-AIR
Rates and Charges for Gas Services and	)	
Related Matters.	)	

In the Matter of the Application of Co-	)	
lumbia Gas of Ohio, Inc. for Approval of	)	Case No. 21-638-GA-ALT
an Alternative Form of Regulation.	)	

In the Matter of the Application of Co-	)	
lumbia Gas of Ohio, Inc. for Approval of	)	
a Demand Side Management Program	)	Case No. 21-639-GA-UNC
for its Residential and Commercial Cus-	)	
tomers.	)	

In the Matter of the Application of Co-	)	
lumbia Gas of Ohio, Inc. for Approval to	)	Case No. 21-640-GA-AAM
Change Accounting Methods.	)	

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**PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF  
SARAH POE  
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☐ Rates and tariffs
- ☒ Other

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**COLUMBIA GAS OF OHIO, INC.**

**May 13, 2022**

**PREPARED SUPPLEMENTAL DIRECT TESTIMONY  
OF SARAH POE**

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**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Sarah Poe and my business address is 290 West Nationwide Boulevard, Columbus, OH 43215.

**Q. By whom are you employed?**

A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia").

**Q. Are you the same Sarah Poe who submitted Prepared Direct Testimony in this proceeding?**

A. Yes, I am.

**Q. On whose behalf are you appearing in this proceeding?**

A. I am appearing on behalf of Columbia Gas of Ohio in this rate proceeding.

**II. PURPOSE OF TESTIMONY**

**Q. What is the purpose of your Supplemental Direct Testimony in this proceeding?**

A. The purpose of my Supplemental Direct Testimony is to support the following issues raised by Columbia in its Objections to the Staff Report that was filed in this case on April 6, 2022 in Section 3.1.2:

3.1.2.3. Removal of WarmChoice® Program Expenses from Base Rates.

3.1.2.1. Capping Annual Amounts Eligible for Recovery.

3.1.2.2. Discontinuation of Shared Savings Incentive Program.

**III. Removal of WarmChoice® Program Expenses from Base Rates.**

**Q. Why has Columbia objected to Staff's recommendation to remove \$7.1 million of WarmChoice® funding from base rates, to alternatively be recovered through the existing Demand Side Management (DSM) rider going forward?**

A. Columbia objects to this Staff recommendation because the low-income qualified customers of WarmChoice®, an award-winning program in operation for the past 35 years, will be best served by maintaining the \$7.1

1 million of funding in base rates. Recovery of program costs through base  
2 rates has been the Commission-approved practices since at least 1994.<sup>1</sup> The  
3 separation in funding from the DSM Rider assures customers, and the  
4 contractors who make the program a success, that a dedicated level of  
5 funding is set aside for WarmChoice®, separate from the funds for all other  
6 DSM programs. Columbia's flexibility to shift funding between and within  
7 programs to maximize overall DSM program performance does not apply  
8 to the \$7.1 million in base rates. Experienced WarmChoice® program  
9 contractors, which Columbia relies upon every year to maintain the success  
10 of the program, may begin to question their commitment to the program if  
11 the base rate funding for WarmChoice® is eliminated and instead co-  
12 mingled with all other DSM funding. Columbia believes that there is value  
13 in providing continuity of program services to ensure that income-qualified  
14 customers can continue to be served through the program even if the  
15 Commission does not approve a DSM Program Rider.

16  
17 **III. Capping Annual Amounts Eligible for Recovery.**

18  
19 **Q. Why has Columbia objected to Staff's recommendation that it cap the**  
20 **annual amounts eligible for recovery through Rider DSM at the 2022**  
21 **levels, i.e. \$35,643,682?**

22 **A.** Columbia developed a proposed plan for 2023 – 2027 that included a  
23 modest 2% annual cost increase for inflation. No one disputes that costs  
24 will increase over time. Many of Columbia's program contractors include  
25 cost-of-living inflationary increases in their contracts. Material costs also  
26 are rising. Without any increase for inflation, as costs increase over time,  
27 Columbia may need to provide fewer customers with program services  
28 each year to remain within the flat, capped budget. Reducing the budget  
29 from the proposed levels to the 2022 budget level may also reduce program  
30 savings and customers served targets as the initial plans were developed at  
31 a higher budget level. Reducing the five-year budget could also result in  
32 reduced functionality of programs if Columbia has less to invest in added  
33 features. This could have impacts on program savings and customer  
34 experience.

35  
36 The proposed cap represents a 6% decrease in the overall 2023-2027 budget.  
37 A corresponding reduction in the customers served during that period

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<sup>1</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Service*, Opinion & Order (Sept. 29, 1994).

1 would mean the annual customers served could be reduced by  
2 approximately 18,000 in 2023 to over 36,000 customers in 2027.

3  
4 Columbia further objects to the cap to the extent Staff is recommending an  
5 end to Columbia's ability to carry any unspent budget from one calendar  
6 year forward to future calendar years. Columbia proposed a total five-year  
7 term (through December 2027), and the portfolio was modeled to be cost-  
8 effective as shown in Appendix A to the Application. Columbia requires  
9 the ability to adjust to variations in program needs from one year to the next  
10 to ensure it can still meet its energy savings goals. This allows Columbia to  
11 maximize program performance and customer benefits while efficiently  
12 spending its budget.

13  
14 **IV. Discontinuation of Shared Savings Incentive Program.**

15  
16 **Q. Why has Columbia objected to Staff's recommendation that the**  
17 **Commission deny the continuation of Columbia's shared savings**  
18 **incentive program at this time?**

19 A. Columbia objects to this Staff recommendation because the shared savings  
20 incentive provides Columbia an incentive for effectively and efficiently  
21 managing the programs and for meeting the ambitious program savings  
22 targets. The shared savings is not guaranteed, and Columbia proposed to  
23 be able to earn shared savings only if it meets or exceeds its proposed  
24 natural gas savings targets. Columbia also increased its natural gas savings  
25 targets by over 40%, on average. The shared savings incentive is a  
26 reasonable incentive that balances the benefits of the DSM Program to  
27 Columbia's customers and the benefits to Columbia. Maintaining this  
28 incentive would be particularly appropriate should the Commission adopt  
29 Staff's recommendation to decrease Columbia's proposed five-year total  
30 budget over Columbia's objection.

31  
32 **V. CONCLUSION**

33  
34 **Q. Does this complete your Prepared Supplemental Direct Testimony?**

35 A. Yes, it does.

## CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served via electronic mail on the 13th day of May, 2022, upon the persons listed below.

/s/ Joseph M. Clark

Joseph M. Clark

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Summary: Testimony Prepared Supplemental Direct Testimony of Sarah Poe on behalf of Columbia Gas of Ohio, Inc. electronically filed by Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.