

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

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

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF THE SETTLEMENT
BY
KERRY J. ADKINS**

On Behalf of
Office of the Ohio Consumers' Counsel
65 East State Street, Suite 700
Columbus, Ohio 43215

November 7, 2022

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ATTACHMENTS:

Attachment KJA-01

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

4 ***A1.*** My name is Kerry J. Adkins. My business address is 65 East State Street, Suite 700,
5 Columbus, Ohio 43215. I am employed by the Office of the Ohio Consumers' Counsel
6 ("OCC") as a Senior Regulatory Analyst.

7

8 ***Q2. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL***
9 ***EXPERIENCE.***

10 ***A2.*** I earned a Bachelor of Arts degree with a pre-law option from Ohio Northern University
11 in 1983. In 1988, I earned a Master of Public Administration degree with specializations
12 in Regulatory Policy and Fiscal Administration from The Ohio State University. In
13 addition, I have attended various utility regulatory seminars and training programs
14 sponsored by the Public Utilities Commission of Ohio ("PUCO") and OCC.

15

16 My professional experience in the utility regulation field began when I was hired by the
17 PUCO in August 1989 as a Researcher II in the Nuclear Division of what was then the
18 Consumer Services Department. In that capacity, I monitored the financial and operating
19 performance of utility-owned and operated nuclear power plants and made policy
20 recommendations regarding nuclear power issues in rate proceedings. In addition, I
21 served as staff to the Utility Radiological Safety Board of Ohio ("URSB") and liaison to
22 the URSB's Citizens Advisory Council. Around 1995, my career transitioned towards
23 deregulation and the development of competitive options for formerly utility-supplied

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1 services. I was a PUCO Staff representative to various committees and working groups
2 that oversaw the development of customer choice (“Choice”) pilot programs, and I
3 analyzed and made recommendations concerning the pilot programs as they progressed.
4 Later, as the pilot programs matured into legislatively-sponsored restructuring programs,
5 I worked with the General Assembly’s Legislative Service Commission on draft bill
6 language concerning the consumer protection provisions in Substitute Senate Bill 3
7 (122nd General Assembly) that restructured the electric industry in Ohio and Substitute
8 House Bill 9 (124th General Assembly), which restructured the natural gas industry. After
9 the restructuring laws were enacted, I managed PUCO Staff teams that were responsible
10 for drafting and enforcing the PUCO’s rules governing certification of competitive
11 energy suppliers and the competitive suppliers’ interactions with Ohio consumers. In
12 2008, I transferred to what was then the PUCO’s Utilities Department (now the Rates and
13 Analysis Department) where I supervised Staff teams responsible for analyzing and
14 making recommendations regarding utility rate filings, primarily related to the natural gas
15 industry.

16
17 I retired from the PUCO in September 2018. I began my current employment at OCC in
18 November 2018. At OCC, I review and analyze utility filings at the PUCO and other
19 regulatory agencies and make recommendations to protect the interests of residential
20 utility consumers.

1 **Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED BEFORE**
2 **THE PUBLIC UTILITIES COMMISSION OF OHIO?**

3 **A3.** Yes. The cases in which I have submitted testimony or have testified before the PUCO
4 can be found in Attachment KJA-01.

5

6 **II. PURPOSE/BACKGROUND**

7

8 **Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A4.** The purpose of my testimony is to recommend the PUCO adopt the Joint Stipulation and
10 Recommendation (“Settlement”) signed and filed by parties, including OCC, on October
11 31, 2022. My recommendation relies upon the PUCO’s standards for considering the
12 adoption of settlements.

13

14 **Q5. WHAT ARE THE PUCO’S STANDARDS OF REVIEW FOR EVALUATING**
15 **WHETHER TO ADOPT PROPOSED SETTLEMENTS?**

16 **A5.** The PUCO uses three criteria for evaluating the reasonableness of a proposed settlement:

17 1. Is the settlement a product of serious bargaining among capable,
18 knowledgeable parties?

19 2. Does the settlement, as a package, benefit customers and the public
20 interest?

21 3. Does the settlement package violate any important regulatory
22 principle or practice?

1 The PUCO also at times considers whether the parties represent a diversity of interests.

2
3 **Q6. PLEASE SUMMARIZE YOUR OPINIONS REGARDING THE SETTLEMENT.**

4 **A6.** I recommend that the PUCO adopt the Settlement as filed. The Settlement meets the
5 PUCO's three-prong test, under which the PUCO considers settlements as a package.

6 This Settlement represents a fair and reasonable compromise among the parties to resolve
7 issues in these cases. The issues involve Columbia Gas of Ohio, Inc.'s ("Columbia")
8 application for a rate increase for the distribution service it provides to its consumers. The
9 price of natural gas as a commodity is not an issue in this case.

10
11 The Settlement is a product of serious bargaining among parties and reflects diverse
12 interests. The interests of Settlement parties include that of OCC, which represents
13 Columbia's 1.4 million residential consumers. The Settlement, as a package, benefits
14 consumers and the public interest. And the Settlement package does not violate important
15 regulatory principles or practices.

16
17 **III. EVALUATION OF THE PROPOSED SETTLEMENT**

18
19 **Q7. WHO ARE THE SIGNATORY PARTIES TO THE SETTLEMENT?**

20 **A7.** The Signatory Parties are OCC, the PUCO Staff, Columbia, Northeast Ohio Public
21 Energy Council ("NOPEC"), Industrial Energy Users-Ohio, Retail Energy Supply
22 Association, Ohio Manufacturers' Association Energy Group, The Kroger Co., Ohio
23 Schools Council, Interstate Gas Supply, Inc, and the Ohio Energy Group.

1 ***Q8. IS THE SETTLEMENT IN THESE CASES A PRODUCT OF SERIOUS***
2 ***BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES THAT***
3 ***REPRESENT DIVERSE INTERESTS?***

4 ***A8.*** Yes. The various parties and their counsel have participated in numerous proceedings
5 before the PUCO. The Signatory Parties have a history of active participation in PUCO
6 proceedings and are represented by experienced and competent counsel. The Signatory
7 Parties are knowledgeable on issues addressed by the Settlement and represent diverse
8 interests.

9
10 For about five months, Columbia and interested parties participated in negotiations
11 through numerous virtual and in-person meetings spanning many hours, with
12 opportunities for parties to attend and negotiate. Those negotiations resulted in various
13 concessions by the Signatory Parties, as evidenced by the Settlement. I was involved on
14 behalf of OCC in the negotiations.

15
16 The Signatory Parties to the Settlement represent a broad range of diverse interests,
17 including Columbia, residential consumers, organizations of nonresidential (commercial
18 and industrial) customers, retail suppliers, the largest governmental energy aggregator in
19 Ohio, an association representing schools in Ohio, and one of the largest supermarket
20 chains in the country.

1 **Q9. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT COLUMBIA'S**
2 **CUSTOMERS AND THE PUBLIC INTEREST?**

3 **A9.** Yes. Columbia's consumers will benefit from this settlement as a package. Some of the
4 benefits to consumers and the public interest in the Settlement include:

- 5 • The Settlement's base distribution annual revenue increase of
6 approximately \$68.2 million is approximately \$153.2 million less
7 than the \$221.4 million revenue increase that Columbia initially
8 requested.¹ This reduction of \$153.2 million from Columbia's
9 application – that Columbia cannot charge to consumers under the
10 Settlement – will be applicable for consumers every year until
11 Columbia files and obtains new rates in its next distribution rate
12 case. If Columbia files its next rate case to take effect in five years,
13 this reduction that benefits consumers will total \$766 million.
- 14 • The overall annual rate base (on which profit is charged to
15 consumers) is reduced by approximately \$55 million from
16 Columbia's proposed rate base of approximately 3.6 billion.²
- 17 • The overall rate of return that consumers will be charged (which
18 includes a component for profit that is charged to consumers) is
19 reduced from Columbia's proposed 7.85% to 7.08%.³

¹ Stipulation Appendix A, Schedule A-1.

² *Id.*

³ *Id.*

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- 1 • Columbia agreed to lower the annual caps (limits) on the amount it
2 can charge consumers for the CEP rider.¹¹ This lowering of the
3 caps (limits) on Columbia’s monthly charges for the CEP rider can
4 result in an estimated \$357 million reduction in Columbia’s
5 cumulative charges to consumers for the five years of 2023 – 2027.
6 This reduction in charges is in comparison to the higher CEP rate
7 caps that Columbia originally proposed for its charges to the SGS
8 class of consumers (which includes residential consumers and
9 small businesses).
- 10 • Columbia agreed to withdraw its proposed Federally Mandated
11 Investment Rider (charge) in favor of a more limited provision.
12 The more limited provision enables Columbia to seek PUCO
13 approval for recovery of capital expenditures required under the
14 Mega Rule of the Pipeline and Hazardous Materials Safety
15 Administration (“PHMSA”).¹² Withdrawal of the proposed FMIR
16 Rider can result in SGS consumers avoiding approximately \$320
17 million in cumulative charges over the 2023 – 2027 period.
- 18 • A bill-payment assistance program for low-income consumers will
19 be implemented. There will be a total of \$3.5 million in customer
20 bill-payment assistance. The program will be mostly funded by

¹¹ Stipulation at 17.

¹² *Id.*, at 8 and 19.

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1 Columbia's shareholders.¹³ Under the new program, eligible
2 consumers may receive up to \$450 per year to avoid disconnection
3 or to get service reconnected.¹⁴

4 • As part of the Settlement package, Columbia is withdrawing the
5 proposal in its Application for a non-low-income DSM proposal.
6 Withdrawal of the non-low-income DSM program will result in
7 eliminating approximately \$119 million in Columbia charges
8 (program costs and shared-savings profits) to SGS consumers for
9 the 2023 - 2027 period.

10 • Columbia agrees to implement an online method of allowing
11 consumers to more easily opt out of having their personal contact
12 information disclosed by Columbia to energy marketers.¹⁵ This
13 will allow consumers to better avoid sales contacts by energy
14 marketers if that is the consumer's preference.

15 • The Settlement includes a provision that implements a discussion group to
16 explore Columbia exiting the merchant function for non-residential
17 consumers. However, the Settlement precludes the discussion group from
18 discussing the elimination of the standard choice offer for residential
19 consumers. The existence of the competitive standard offer is an important
20 consumer protection for the residential consumers that OCC represents.

¹³ Stipulation at 19.

¹⁴ *Id.*

¹⁵ Stipulation at 20.

1 ***Q10. DOES THE SETTLEMENT PACKAGE VIOLATE ANY IMPORTANT***
2 ***REGULATORY PRINCIPLES OR PRACTICES?***

3 ***A10.*** No. The Settlement package does not violate important regulatory principles and
4 practices.

5
6 As discussed above in more detail, the settlement reflects nearly \$1.7 billion in consumer
7 savings from Columbia's proposed base rates, fixed charges and DSM charges included
8 in its Application. The resulting charges to consumers are "just and reasonable" as a
9 package, as required under R.C. 4905.22, R.C. 4909.15, R.C. 4909.19, and R.C. 4929.05.
10 The Settlement protects at-risk Ohioans, as required by R.C. 4928.02(L), with the low-
11 income bill-payment assistance and weatherization programs. And other regulatory
12 principles are not violated by the Settlement package.

13
14 **IV. CONCLUSION**

15
16 ***Q11. DOES THIS CONCLUDE YOUR TESTIMONY?***

17 ***A11.*** Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Supplemental Testimony in Support of the Settlement by Kerry J. Adkins on Behalf of Office of the Ohio Consumers' Counsel* has been served upon those persons listed below via electronic service this 7th day of November, 2022.

/s/ Angela D. O'Brien
Angela D. O'Brien
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

SERVICE LIST

werner.margard@OhioAGO.gov
shaun.lyons@OhioAGO.gov
mjsettineri@vorys.com
glpetrucci@vorys.com
stacie.cathcart@igs.com
michael.nugent@igs.com
evan.betterton@igs.com
joe.oliker@igs.com
rdove@keglerbrown.com
jweber@elpc.org
mpritchard@mcneeslaw.com
bmckenney@mcneeslaw.com

Attorney Examiners:
jacqueline.st.john@puco.ohio.gov
gregory.price@puco.ohio.gov

mkurtz@bkllawfirm.com
kboehm@bkllawfirm.com
jkylerecohn@bkllawfirm.com
josephclark@nisource.com
mlthompson@nisource.com
johnryan@nisource.com
egallon@porterwright.com
mstemm@porterwright.com
bhughes@porterwright.com
dflahive@porterwright.com
dparram@bricker.com
gkrassen@nopec.org
dstinson@bricker.com
rmains@bricker.com
gkrassen@nopec.org
bojko@carpenterlipps.com
paul@carpenterlipps.com
[wygonski@carpenterlipps.com](mailto>wygonski@carpenterlipps.com)
trent@hubaydougherty.com

Testimony of Kerry J. Adkins
Filed at the Public Utilities Commission of Ohio

1. *In the Matter of the Complaint and Appeal of the Cleveland Electric Illuminating Company from Ordinance 21-1994 of the Council of the City of Garfield Heights, Ohio Passed March 10, 1994, entitled "An Emergency Ordinance to Establish and Fix a Schedule of Rates, Terms and Conditions for Electric Service Being Provided by the Cleveland Electric Illuminating Company to its Electric Customers in the City of Garfield Heights, Ohio, Case No. 94-578-EL-CMR (March 20, 1995).*
2. *In the Matter of the Application of The Toledo Edison Company for Authority to Amend and Increase Certain of Its Rates and Charges for Electric Service, Case No. 95-299-EL-AIR (January 22, 1996).*
3. *In the Matter of the Application of The Cleveland Electric Illuminating Company for Authority to Amend and Increase Certain of Its Rates and Charges for Electric Service, Case No. 95-300-EL-AIR (January 22, 1996)*
4. *In the Matter of the Conjunctive Electric Guidelines Proposed by Participants of the Commission Roundtable on Competition in the Electric Industry, Case No. 96-406-EL-COI (February 10, 1998).*
5. *In the Matter of the Application Not for an Increase in Rates of The Dayton Power and Light Company for Approval to Modify Its Existing Alternative Generation Supplier (AGS) Tariff Sheet No. G8., Case No. 03-2341-EL-ATA (September 22, 2004)*
6. *In the Matter of the Commission Staff's Investigation into the Alleged MTSS Violations of Buzz Telecom., Case No. 06-1443-TP-UNC (February 7, 2007).*
7. *In the Matter of the Application of The East Ohio Gas Company dba Dominion East Ohio to Adjust Its Pipeline Infrastructure Replacement (PIR) Cost Recovery Charge and Related Matters, Case No. 09-458-GA-UNC (October 14, 2009)*
8. *In the Matter of the Application of Vectren Energy Delivery of, Inc. for Authority to Adjust its Distribution Replacement Rider Charges, Case No. 11-2776-GA-RDR (August 10, 2011).*
9. *In the Matter of Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters., Case No. 11-5843-GA-RDR (April 27, 2012)*
10. *In the Matter of the Application of Vectren Energy Delivery of, Inc. for Authority to Adjust its Distribution Replacement Rider Charges, Case No. 12-1423-GA-RDR (August 28, 2012).*

11. *In the Matter of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case No. 12-1682-EL-AIR (March 20, 2013).
12. *In the Matter of Duke Energy Ohio, Inc., for an Increase in Gas Rates.*, Case No. 12-1685-GA-AIR (April 22, 2013).
13. *In the Matter of the Application of Duke Energy Ohio Inc., for Approval of an Alternate Rate Plan Pursuant to Section 4929.05, Revised Code, for an Accelerated Service Line Replacement Program*, Case No. 14-1622-GA-ALT (November 6, 2015).
14. *In the Matter of the Application of Northeast Natural Gas Corp. for an Increase in Gas Distribution Rates*, Case No. 18-1720-GA-AIR (July 25, 2019).
15. *In the Matter of the Application of Duke Energy Ohio, Inc. for Implementation of the Tax Cuts and Jobs Act of 2017*, Case No. 18-1830-GA-UNC (July 31, 2019).
16. *In the Matter of the Commission's Investigation into PALMco Power OH, LLC d/b/a Indra Energy's Compliance with the Ohio Administrative Code and Potential Remedial Actions for Non-Compliance*, Case No. 19-957-GE-COI (September 4, 2019).
17. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio re: Implementation of the Tax Cuts and Jobs Act of 2017*, Case No. 18-1908-GA-UNC (September 10, 2019).
18. *In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates*, Case No. 14-375-GA-RDR (Confidential) (October 8, 2019).
19. *In the Matter of the East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of an Alternative Form of Regulation*, Case No. 19-468-GA-ALT (September 11, 2020).
20. *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternative Form of Regulation to Establish a Capital Expenditure Program Rider Mechanism*, Case No. 19-791-GA-ALT (January 13, 2021).
21. *In the Matter of the Application of the East Ohio Gas Company d/b/a Dominion Energy Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges*, Case No. 21-619-GA-RDR (September 14, 2021).
22. *In the Matter of the Annual Application of Duke Energy Ohio, Inc. for an Adjustment to the Capital Expenditure Rider Rate*, Case No. 21-618-GA-RDR (January 25, 2022).
23. *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters*, Case No. 21-637-GA-AIR *et al.* (May 13, 2022).

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AAM**

Summary: Testimony Supplemental Testimony in Support of the Settlement by
Kerry J. Adkins on Behalf of Office of the Ohio Consumers' Counsel electronically
filed by Mrs. Tracy J. Greene on behalf of O'Brien, Angela D