

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc., for an Increase in) Case No. 22-507-GA-AIR
Natural Gas Rates.)

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of an) Case No. 22-508-GA-ALT
Alternative Form of Regulation.)

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Tariff Approval.) Case No. 22-509-GA-ATA
)

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval to) Case No. 22-510-GA-AAM
Change Accounting Methods.)

**DIRECT TESTIMONY
OF
COLLEEN SHUTRUMP**

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

April 28, 2023

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1 **I. INTRODUCTION AND BACKGROUND**

2

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

4 ***A1.*** My name is Colleen Shutrump. I am employed as the Energy Resource Planning
5 Advisor for the Office of the Ohio Consumers' Counsel ("OCC"). My business
6 address is 65 East State Street, Suite 700, Columbus, Ohio 43215.

7

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

10

11 ***A2.*** I have a Bachelor of Science in Business Administration from the Youngstown
12 State University with a major in Management and a Master of Business
13 Administration from Baldwin Wallace College with emphasis in International
14 Business. I have worked over 13 years in electric utility regulation with emphasis
15 on customer-funded energy efficiency programs. I started as a Utility Analyst at
16 the Indiana Utility Regulatory Commission in 2009. I was promoted to Senior
17 Utility Analyst in 2015. While there, I attended the Institute of Public Utilities
18 Michigan State University Advanced Regulatory Studies Program and Camp
19 NARUC. I began work as an Energy Resource Planning Advisor with OCC in
20 August 2015. In spring 2016, I completed a graduate-level course on Utility
21 Regulation and Deregulation at the Ohio State University, John Glenn College of
22 Public Affairs.

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1 **Q3. WHAT ARE YOUR DUTIES AT THE OHIO CONSUMERS' COUNSEL?**

2 **A3.** I provide analytical support on energy resource planning issues impacting Ohio
3 consumers' interests. I serve as the Analytical Department's lead analyst and
4 policy advisor for the OCC on cases and issues relating to resource planning
5 issues. That work includes such issues as customer-funded energy efficiency and
6 demand side management programs. I was extensively involved in each of the
7 2016 electric energy efficiency portfolio cases of the four major Ohio electric
8 utilities before the Public Utilities Commission of Ohio ("PUCO"). My
9 involvement included providing testimony in the Dayton Power & Light¹ (Case
10 No. 16-0649-EL-POR) and Duke Energy Ohio² (Case No. 16-0576-EL-POR)
11 portfolio cases affecting consumers. I testified in the review of FirstEnergy's
12 2014-2018 DSM rider, Case No. 17-2277-EL-RDR, affecting lost revenue
13 charges to consumers.³ I also testified in Case No. 19-1940-GA-RDR
14 (Columbia's Demand Side Management rider adjustment) and in Vectren's rate
15 case, Case No. 18-0298-GE-AIR. I also participate in energy efficiency
16 collaborative meetings for utility electric and gas programs.

¹ Direct Testimony of Colleen Shutrump (January 30, 2017), *In re the Application of the Dayton Power and Light Company for Approval of its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2017 Through 2019*, Case No. 16-649-EL-POR.

² Direct Testimony of Colleen Shutrump (February 6, 2017) *In re the Application of Duke Energy Ohio, Inc. for Approval of its Energy Efficiency and Peak Demand Reduction Portfolio of Programs*, Case No. 16-576-EL-POR.

³ Direct Testimony of Colleen Shutrump (June 22, 2020) *In re the Matter of the 2018 Review of the Demand Side Management and Energy Efficiency Rider of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2277-EL-RDR.

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

2 ***A4.*** The purpose of my testimony is to address and support OCC's position protecting
3 residential consumers as it relates to low-income weatherization services for the
4 natural gas consumers of Duke Energy Ohio ("Duke"). I will explain and support
5 OCC's Objection Nos. 18, 19, 20 and 21 to the Staff report.

7 **II. OCC'S OBJECTIONS TO THE PUCO STAFF'S REPORT**

9 ***Q5. WHAT ARE THE PUCO STAFF'S RECOMMENDATIONS IN ITS STAFF***
10 ***REPORT REGARDING A LOW-INCOME WEATHERIZATION PROGRAM***
11 ***FOR DUKE'S NATURAL GAS CONSUMERS?***

13 ***A5.*** The PUCO Staff did not address the low-income weatherization program in its
14 Staff Report.

16 ***Q6. WHAT ARE DUKE'S RECOMMENDATIONS IN ITS APPLICATION***
17 ***REGARDING A LOW-INCOME WEATHERIZATION PROGRAM FOR ITS***
18 ***NATURAL GAS CONSUMERS?***

20 ***A6.*** Duke proposed an increase of \$45,603 per year in consumer funding for the
21 program.⁴ Duke's low-income weatherization program was approved by
22 settlement in Case No. 12-1685-GA-AIR. The program is funded by consumers
23 through base rates and by shareholders. The program is administered by people
24 working cooperatively ("PWC") and provides weatherization services to eligible
25 low-income customers.

⁴ Application Volume 1, Schedule C.

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1 **Q7. WHAT ARE OCC'S OBJECTIONS TO THE STAFF REPORT RELATING**
2 **TO DUKE'S LOW-INCOME WEATHERIZATION PROGRAM?**

3

4 **A7.** My testimony supports the following OCC Objections to the Staff Report:

5 Objection No. 18: The Staff Report erred to consumers' detriment by failing to
6 recommend collecting \$1,795,000 in funding for low-income weatherization
7 programs through a rider, rather than from base rates.

8

9 Objection No. 19: The PUCO Staff failed to recommend extending shareholder
10 contributions to low-income weatherization programs, to consumers' detriment.

11

12 Objection No. 20: The PUCO Staff erred to consumers' detriment by failing to
13 require annual PUCO Staff review and audit of the low-income weatherization
14 program.

15

16 **Q8. SHOULD DUKE'S SHAREHOLDERS (AND NOT SOLELY CONSUMERS)**
17 **CONTRIBUTE TO FUNDING THE LOW-INCOME WEATHERIZATION**
18 **PROGRAM?**

19 **A8.** Yes. The offering of shareholder contributions that support the low-income
20 weatherization program should help Duke address its environmental, social and
21 governance ("ESG") goals. Therefore, it is reasonable for utility shareholders to
22 contribute to the meeting of ESG goals in such circumstances. Further,
23 weatherization programs are not strictly necessary for the provision of utility
24 service, so Duke shareholders should pay at least some of the program costs.

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1 A similar issue was addressed by the PUCO in the recent Columbia Gas rate case.
2 In that case, some parties contested a term in a settlement (signed by Columbia,
3 the PUCO Staff, OCC, and others) that provided for low-income bill payment
4 assistance to be provided through a combination of funds from shareholders and
5 consumers. The PUCO ruled as follows:

6 Based upon the testimony of Mr. Sarver and Ms. Peoples,
7 we find that funds for the proposed bill payment assistance
8 program should not be recovered through Rider DSM,
9 which should exclusively recover funds for DSM programs.
10 *Instead, we will modify the Stipulation to provide that the*
11 *entire \$3.5 million for the bill payment assistance program*
12 *be provided by Columbia, with no recovery from*
13 *ratepayers, rather than the \$2.3 million proposed by the*
14 *Stipulation.*⁵

15
16 While the low-income DSM program in the Columbia case was funded
17 solely by consumers, The PUCO's ruling meant that the low-income bill-
18 payment assistance program would be funded solely by shareholders. There
19 are other cases in which the PUCO has approved shareholder funding for
20 utility programs.⁶

⁵ *In the Matter of the Application of Columbia Gas of Ohio, Inc. to Increase Rates and Charges for Gas Service*, Case No. 21-637-GA-AIR at 67 (January 26, 2023). (Emphasis added.)

⁶ *See also In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Natural Gas Distribution Rates*, Case No. 12-1685-GA-AIR, Opinion and Order (November 13, 2013) at 16 (Duke agrees to provide People Working Cooperatively \$350,000 per year through shareholder contributions to be used for low-income weatherization in Duke's service territory); *In the Matter of the Application of the Dayton Power and Light Company for Approval of its Plan to Modernize its Distribution Grid*, Case No. 18-1875-EL-GRD, Opinion and Order (June 2, 2021) at 18 (DP&L agrees to provide \$450,000 annually, funded with shareholder dollars, for smart thermostats); *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case No. 08-917-EL-SSO, Opinion and Order (March 18, 2009) at 47-48 (AEP agrees to minimum \$15 million over three-year period in shareholder funding for the Partnership with Ohio fund, which provides assistance to low-income consumers, "including energy efficiency programs").

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1 In this regard, there are various sources for funding low-income weatherization
2 programs. Consumers, with their limited finances, are a source. But consumers
3 should represent just one source of funding for low-income weatherization
4 services. Other sources are tax revenues, such as for the Low-Income Home
5 Energy Assistance Program (“LIHEAP”) and the Home Weatherization
6 Assistance Program (“HWAP”).

7

8 And shareholders should be a source of funds for utility low-income programs.
9 Duke’s shareholders should always be among the sources of funding for programs
10 such as those that PWC provides for helping at-risk people.

11

12 Indeed, the PUCO should transition from rate cases to generic-type cases for
13 resolving funding issues for at-risk consumer programs. That’s because the
14 programs are regularly needed by at-risk Ohioans. The programs therefore should
15 have a predictable funding mechanism with continuing review that is not
16 dependent on sometimes infrequent timing of rate cases.

17

18 Further, the low-income programs should not be made utility bargaining chips to
19 garner support for utility rate increase settlements that lead to other rate increases
20 to consumers. Those settlements include charges to consumers for costs that are
21 separate and apart from the low-income programs.

1 ***Q9. WHY SHOULD CONSUMERS BE CHARGED THROUGH A RIDER***
2 ***INSTEAD OF IN BASE RATES FOR FUNDING THE LOW-INCOME***
3 ***WEATHERIZATION PROGRAM?***

4 ***A9.*** Generally, utility base rates without riders are preferable for charging the actual
5 costs of providing utility service to consumers. But if the PUCO will make all
6 consumers fund (subsidize) weatherization programs for discounted services to a
7 small subset of consumers, then that is a situation where a rider is appropriate. I
8 will explain.

9
10 Consumer-funded weatherization programs should have continuing regulatory
11 oversight by the PUCO. That oversight is for protection of the general body of
12 consumers who are made to fund the weatherization programs for the small subset
13 of consumers. For this limited purpose, oversight of the weatherization program is
14 better enabled through a rider. Such oversight includes (but is not limited to) a
15 review and reconciliation of actual program expense for accuracy and
16 reasonableness.

17

18 ***Q10. WHY IS AN AUDIT BY AN INDEPENDENT AUDITOR NEEDED?***

19 ***A10.*** Consumers who are made to fund weatherization programs should be protected
20 with an independent audit – for financial and reasonableness purposes. That audit
21 should provide an objective and transparent review, for the public, of the use of
22 consumers' money in the funding of the weatherization programs. And an
23 independent auditor can provide recommendations to improve programs, such as

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1 lowering administrative costs while maximizing the number of consumers that
2 would benefit from weatherization services through lower bills.

3
4 An example is a matter involving Pike Natural Gas Company.⁷ There, the PUCO
5 Staff's audit showed that for more than half of the homes weatherized under
6 Pike's program, there were no reductions in natural gas usage by participating
7 customers.⁸ The PUCO then terminated Pike's low-income weatherization
8 program.

9
10 ***Q11. DO YOU HAVE A RECOMMENDATION ON AUDIT SCOPE?***

11 ***A11.*** Yes. The audit scope for Duke's low-income weatherization program should
12 include the following:

- 13 a. The program expenditures, including average and mean dollars expended
14 per household and per property;
- 15 b. Any administrative fees collected by Duke and the weatherization
16 providers;
- 17 c. Eligibility documentation for program applicants;
- 18 d. Eligibility documentation for program applicants;
- 19 e. Spending of the program budget or failure to spend the program budget;
- 20 f. Prioritization, if applicable, of weatherization services;

⁷ Entry (September 26, 2019) Case No. 19-1456-GA-RDR.

⁸ *See id.*

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- 1 g. Accounting of expenses that relate directly to reducing gas usage by low-
- 2 income consumers;
- 3 h. The timeline of providing weatherization services;
- 4 i. The impact of health and safety expenditures on the low-income
- 5 weatherization program;
- 6 j. The number and types of properties (*e.g.* owner-occupied, rental, etc.) that
- 7 receive weatherization funding;
- 8 k. Compliance with program guidelines, include determining eligibility of
- 9 program recipients and, if applicable, limitations on funding; and
- 10 l. To the extent Duke knows, identifying any rental properties sold or
- 11 converted by the property owner to non-low-income properties within two
- 12 years of receiving weatherization program services to that property.

14 ***Q12. WHY SHOULD THERE BE PARAMETERS FOR LOW-INCOME***

15 ***WEATHERIZATION PROGRAMS AND CHARGES TO CONSUMERS?***

16 ***A12.*** There should be a sensitivity to how effectively consumer dollars, being money

17 collected from consumers to fund the programs, are being spent to deliver the

18 benefits of weatherization for at-risk consumers. Funds from charges to utility

19 consumers for weatherization programs should relate to services that will reduce

20 natural gas usage and the at-risk consumers' natural gas bills.

1 **III. CONCLUSION**

2

3 ***Q13. DOES THIS CONCLUDE YOUR TESTIMONY?***

4 ***A13.*** Yes. However, I reserve the right to supplement my testimony if additional
5 testimony is filed, or if new information or data in connection with this
6 proceeding becomes available.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing Direct Testimony of Colleen Shutrump on Behalf of the Office of the Ohio Consumers' Counsel has been served electronically this 28th day of April 2023.

/s/ William J. Michael

William J. Michael

Assistant Consumers' Counsel

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Summary: Testimony Direct Testimony of Colleen Shutrump on Behalf of Office of The Ohio Consumers' Counsel electronically filed by Mrs. Tracy J. Greene on behalf of Michael, William J..