

**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. )

**TESTIMONY OF  
COLLEEN SHUTRUMP  
FOR CONSUMER PROTECTIONS  
IN OPPOSITION TO THE STIPULATION AND RECOMMENDATION**

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

**May 12, 2023**

**TABLE OF CONTENTS**

	<b>PAGE</b>
I. INTRODUCTION AND BACKGROUND .....	1
II. THE SETTLEMENT DOES NOT BENEFIT CUSTOMERS OR THE PUBLIC INTEREST .....	4
III. CONCLUSION.....	9

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

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 for over thirteen years in electric utility regulation with  
15 emphasis on customer-funded energy efficiency programs. I started as a Utility  
16 Analyst at the Indiana Utility Regulatory Commission in 2009. I was promoted to  
17 Senior Utility Analyst in 2015. While there, I attended the Institute of Public  
18 Utilities Michigan State University Advanced Regulatory Studies Program and  
19 Camp NARUC. I began work as an Energy Resource Planning Advisor with OCC  
20 in 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.

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

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 & Light<sup>1</sup> (Case  
10 No. 16-649-EL-POR) and Duke Energy Ohio<sup>2</sup> (Case No. 16-576-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.<sup>3</sup> 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.

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<sup>1</sup> Direct testimony of Colleen Shutrump (Jan. 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.

<sup>2</sup> Direct testimony of Colleen Shutrump (Feb. 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.

<sup>3</sup> 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.

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

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

2 **A4.** The purpose of my testimony is to address the PUCO's three-prong test for  
3 evaluating settlements as it relates to funding for low-income weatherization  
4 programs included in the settlement filed April 28, 2023, in this case (the  
5 "Settlement").

6

7 **Q5. WHAT ARE YOUR CONCLUSIONS AND RECOMMENDATIONS?**

8 **A5.** I conclude that the Settlement fails the second prong of the PUCO's test for  
9 settlements because the funding for low-income weatherization programs under  
10 the Settlement does not benefit consumers or the public interest. I recommend that  
11 the PUCO deny Duke's request to approve the settlement.

12

13 **Q6. WHAT DOES THE PUCO CONSIDER WHEN EVALUATING**  
14 **SETTLEMENTS?**

15  
16 **A6.** The PUCO uses the following three-prong test for evaluating the reasonableness  
17 of a proposed settlement:<sup>4</sup>

18 1. Is the settlement a product of serious bargaining among capable,  
19 knowledgeable parties? In this regard, the PUCO sometimes considers  
20 whether the signatory parties to the settlement have diverse interests.<sup>5</sup>

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<sup>4</sup> *Consumers' Counsel v. PUCO*, 64 Ohio St.3d 123, 125 (1992).

<sup>5</sup> See, e.g., *In re Application of Columbus S. Power Co. & Ohio Power Co.*, Case No. 11-351-EL-AIR, Opinion and Order at 9 (Dec. 14, 2011); *In re Application of the Dayton Power & Light Co.*, Case No. 14-563-EL-RDR, Opinion and Order at 5 (Sept. 9, 2015); *In re Application of the Columbus S. Power Co. & Ohio Power Co.*, Case No. 05-376-EL-UNC, Order on Remand at 11 (Feb. 11, 2015).

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

- 1           2.     Does the settlement, as a package, benefit consumers and the  
2                     public interest?  
3           3.     Does the settlement package violate any important regulatory  
4                     principle or practice?

5

6     **II.    THE SETTLEMENT DOES NOT BENEFIT CUSTOMERS OR THE**  
7     **PUBLIC INTEREST**

8

9     ***Q7.   DO YOU BELIEVE THAT THE SETTLEMENT AS IT RELATES TO***  
10    ***FUNDING FOR LOW-INCOME WEATHERIZATION PROGRAMS***  
11    ***BENEFITS CONSUMERS AND THE PUBLIC INTEREST?***

12

13    ***A7.***   No. The Settlement does not benefit consumers or the public interest because:

- 14           1.     At-risk consumers will receive \$150,000 less in annual funding from  
15                     shareholders for low-income weatherization.  
16           2.     Funding for low-income weatherization should be considered in a generic  
17                     case for adequate consumer protections. It should not be used as a  
18                     bargaining chip to obtain signatures on a Settlement in this (or any other)  
19                     ratemaking proceeding.  
20           3.     Base-rate funding for low-income weatherization programs does not  
21                     adequately protect consumers. More PUCO oversight is necessary.  
22                     Funding for low-income weatherization programs should be through a  
23                     rider.

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

1 **Q8. PLEASE EXPLAIN WHY AT RISK CONSUMERS WILL RECEIVE A**  
2 **REDUCTION IN BENEFITS FROM DUKE'S LOW-INCOME**  
3 **WEATHERIZATION PROGRAM.**

4 **A8.** First, Duke's shareholders should always be among the sources of funding for  
5 programs such as those that People Working Cooperatively ("PWC") provides for  
6 helping at-risk people. Weatherization programs are not strictly necessary for the  
7 provision of utility service, so Duke shareholders should pay at least some of the  
8 program costs. Under the proposed Settlement, annual shareholder contributions  
9 for low-income weatherization programs are reduced from the current \$350,000<sup>6</sup>  
10 to \$200,000. But consumer contributions to the same program are maintained at  
11 \$1,795,000 annually.<sup>7</sup> Through this reduction in shareholder contributions for  
12 low-income weatherization programs, the proposed Settlement provides gives  
13 money back to shareholders at the detriment of low-income consumers.

14  
15 This point is further demonstrated because Duke and its shareholders benefit from  
16 an annual revenue increase of \$31.7 million proposed by the Settlement.<sup>8</sup> It is not  
17 reasonable or in the public interest for a settlement to decrease benefits for low-  
18 income consumers and increases benefits (through revenue increases) for  
19 shareholders.

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<sup>6</sup> Opinion and Order, Case No. 12-1685-GA-AIR at 16 (Nov. 13, 2013).

<sup>7</sup> Settlement at 13.

<sup>8</sup> Settlement at 3.

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
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PUCO Case No. 22-507-GA-AIR, et al.*

1 **Q9. WHY WOULD A GENERIC CASE TO ADDRESS LOW-INCOME**  
2 **WEATHERIZATION FUNDING BENEFIT CONSUMERS?**  
3

4 **A9.** The programs and the usage-reducing benefits are regularly needed by at-risk  
5 Ohioans. The programs therefore should have a predictable funding mechanism  
6 with continuing review that is not dependent on sometimes infrequent timing of  
7 rate cases. The Settlement does not provide these important consumer protections.  
8 Further, low-income programs should not be made utility bargaining chips to  
9 garner support for utility rate increase settlements that lead to other rate increases  
10 to consumers. Those settlements include charges to consumers for costs that are  
11 separate and apart from the low-income programs.  
12

13 **Q10. DOES BASE-RATE FUNDING OF LOW-INCOME WEATHERIZATION**  
14 **PROGRAMS PROVIDE ADEQUATE OVERSIGHT BY THE PUCO?**

15 **A10.** No. Generally, utility base rates without riders are preferable for charging the  
16 actual costs of providing utility service to consumers. But if the PUCO will make  
17 all consumers fund (subsidize) weatherization programs for discounted services to  
18 a small subset of consumers, then this is a situation where a rider is appropriate.  
19 PUCO oversight is for protection of the general body of consumers who are made  
20 to fund the weatherization programs for the small subset of consumers. For this  
21 limited purpose, oversight of the weatherization program is better enabled through  
22 a rider. Such oversight includes (but is not limited to) a review and reconciliation  
23 of actual program expense for accuracy and reasonableness.

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
Stipulation and Recommendation  
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PUCO Case No. 22-507-GA-AIR, et al.*

1 **Q11. IS THERE ANY ADDITIONAL OVERSIGHT NEEDED FOR DUKE'S LOW-**  
2 **INCOME WEATHERIZATION PROGRAM THAT WOULD AFFECT THE**  
3 **PUBLIC INTEREST?**  
4

5 **A11.** Yes. An independent audit of low-income weatherization programs protects  
6 consumers that pay for these programs and the at-risk consumers that participate  
7 in these programs. I will explain.

8  
9 Consumers who are made to fund weatherization programs should be protected  
10 with an independent audit – for financial and reasonableness purposes. That audit  
11 should provide an objective and transparent review, for the public, of the use of  
12 consumers' money in the funding of the weatherization programs. And an  
13 independent auditor can provide recommendations to improve programs, such as  
14 lowering administrative costs while maximizing the number of consumers that  
15 would benefit from weatherization services through lower bills.

16  
17 One example that demonstrates protections needed for consumers that fund these  
18 programs and consumers that participate in these programs is a matter involving  
19 Pike Natural Gas Company.<sup>9</sup> There, the PUCO Staff's audit showed that for more  
20 than half of the homes weatherized under Pike's program, there were no  
21 reductions in natural gas usage by participating customers.<sup>10</sup> The PUCO then  
22 terminated Pike's low-income weatherization program.

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<sup>9</sup> Entry (Sept. 26, 2019), Case No. 19-1456-GA-RDR.

<sup>10</sup> *See id.*

*Testimony of Colleen Shutrump for Consumer Protections in Opposition to the  
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PUCO Case No. 22-507-GA-AIR, et al.*

1 **Q12. DO YOU HAVE A RECOMMENDATION ON AUDIT SCOPE?**

2 **A12.** Yes. The audit scope for Duke's low-income weatherization program should  
3 include the following:

- 4 a. The program expenditures, including average and mean dollars  
5 expended per household and per property;
- 6 b. Any administrative fees collected by Duke and the weatherization  
7 providers;
- 8 c. Eligibility documentation for program applicants;
- 9 d. Eligibility documentation for program applicants;
- 10 e. Spending of the program budget or failure to spend the program  
11 budget;
- 12 f. Prioritization, if applicable, of weatherization services;
- 13 g. Accounting of expenses that relate directly to reducing gas usage  
14 by low-income consumers;
- 15 h. The timeline of providing weatherization services;
- 16 i. The impact of health and safety expenditures on the low-income  
17 weatherization program;
- 18 j. The number and types of properties (*e.g.*, owner-occupied, rental,  
19 etc.) that receive weatherization funding;
- 20 k. Compliance with program guidelines, include determining  
21 eligibility of program recipients and, if applicable, limitations on  
22 funding; and



## **CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing Testimony for Consumer Protections in Opposition to the Stipulation and Recommendation of Colleen Shutrump has been served electronically this 12<sup>th</sup> day of May 2023.

*/s/ William J. Michael*  
William J. Michael  
Assistant Consumers' Counsel

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Summary: Testimony Testimony of Colleen Shutrump for Consumer Protections in  
Opposition to the Stipulation and Recommendation on Behalf of Office of the Ohio  
Consumers' Counsel electronically filed by Ms. Alana M. Noward on behalf of  
Michael, William J..