THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF THE EAST OHIO GAS COMPANY DBA DOMINION ENERGY OHIO FOR APPROVAL OF AN ALTERNATIVE FORM OF REGULATION TO CONTINUE AND TO EXPAND ITS DEMAND-SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAMS.	CASE NO. 21-1109-GA-ALT

OPINION AND ORDER

Entered in the Journal on October 4, 2023

I. SUMMARY

{¶ 1} The Commission approves, in part, the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for an alternative rate plan to continue and expand its energy efficiency programs, consistent with this Opinion and Order.

II. DISCUSSION

A. Applicable Law

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (Dominion or the Company) is a natural gas company and a public utility as defined by R.C. 4905.03 and R.C. 4905.02, respectively. As such, Dominion is subject to the jurisdiction of this Commission.

{¶ 3} Under R.C. 4929.05, a natural gas company may seek approval of an alternative rate plan by filing an application under R.C. 4909.18, regardless of whether the application is for an increase in rates. After an investigation, the Commission shall approve the plan if the natural gas company demonstrates, and the Commission finds, that the company is in compliance with R.C. 4905.35, is in substantial compliance with the policies of the state as set forth in R.C. 4929.02 and is expected to continue to be in substantial compliance with state policy after implementation of the alternative rate plan. The Commission must also find that the alternative rate plan is just and reasonable.

{¶ 4} R.C. 4929.051(A) provides that an alternative rate plan filed by a natural gas company under R.C. 4929.05 and proposing to initiate or continue a revenue decoupling mechanism shall be considered an application not for an increase in rates if the rates are based upon the billing determinants and revenue requirement authorized by the 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. In addition, R.C. 4929.051(B) provides that an alternative rate plan filed by a natural gas company under R.C. 4929.05 and seeking authorization to continue a previously approved alternative rate plan shall be considered an application not for an increase in rates.

B. Procedural History

{¶ 5} On October 15, 2008, the Commission approved Dominion's application for an alternative rate plan, pursuant to a stipulation and recommendation that provided for the funding of Dominion's demand-side management (DSM) programs for customers and an associated DSM Rider. Dominion's DSM Rider is applicable to residential and nonresidential customers served under the General Sales Service and Energy Choice Transportation Service rate schedules. As approved, Dominion may recover $4.0 million annually through the DSM Rider and the balance of the Company's DSM program expenditures, $5.5 million, is funded through base rates, for a total annual DSM commitment of $9.5 million. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al., Opinion and Order (Oct. 15, 2008) at 7, 12. By December 1 each year, Dominion is required to file an application to adjust its DSM Rider rate and to initiate the audit of its rider. *In re The East Ohio Gas Co. d/b/a Dominion Energy Ohio*, Case No. 17-1372-GA-RDR, Finding and Order (Aug. 2, 2017) at ¶ 21.

{¶ 6} On October 29, 2021, in the above-captioned case, Dominion filed a notice of intent to file an application for approval of an alternative rate plan. In the notice, Dominion stated that the application would request approval to continue as well as expand its DSM and energy efficiency (EE) program offerings.

{¶ 7} On November 30, 2021, Dominion filed its alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4929.05, 4929.051(A), 4929.051(B), 4929.11, and 4909.18. The application seeks Commission approval to modify and continue its two existing DSM/EE programs and to expand the Company's programs to include eight new programs. If approved, the application proposes that Dominion's DSM/EE program budget be increased from the current $9.5 million to approximately $14.6 million in the first year, including $5.5 million recovered in base rates, and increase to approximately $20.4 million in the fifth year.

{¶ 8} On December 13, 2021, Dominion filed notice that, while the Company sent courtesy copies of its application to the parties of record in its last rate case, the Company's certificate of service inadvertently omitted Ohio Energy Group (OEG) and Industrial Energy Users-Ohio (IEU-Ohio).[1] Dominion states that counsel for OEG and IEU-Ohio were sent a copy of the application on December 8, 2021.

{¶ 9} On December 30, 2021, Staff filed a letter notifying Dominion that its application was in substantial compliance with Ohio Adm.Code 4901:1-19-06, pursuant to the requirements of R.C. 4929.05. However, Staff specifically noted that Dominion's alternative rate plan application failed to include verifications by the president or a vice-president and the secretary or treasurer of the Company, as required under R.C. 4909.18, and recommended that the Company file the verifications.

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[1] IEU-Ohio is now known as the Ohio Energy Leadership Council.

{¶ 10} On January 5, 2022, Dominion supplemented its application with notarized verifications by the appropriate officers of Dominion, as required under R.C. 4909.18.

{¶ 11} By Entry issued January 26, 2022, the Commission deemed the application to have been filed as of November 30, 2021.

{¶ 12} By Entry issued January 31, 2022, the procedural schedule was established such that motions to intervene were due by February 8, 2022, the Staff Report of Investigation (Staff Report) was due by March 29, 2022, and objections to the Staff Report or the application were due by April 28, 2022. Further, the January 31, 2022 Entry noted that after the Commission considered the objections filed, the Commission would determine whether a hearing on Dominion's alternative rate plan application was necessary.

{¶ 13} By order issued February 9, 2022, in Case No. 21-1096-GA-RDR, the Commission approved an adjustment to Dominion's DSM Rider rate to $0.0325 per thousand cubic feet (Mcf). *In re The East Ohio Gas Co. d/b/a Dominion Energy Ohio*, Case No. 21-1096-GA-RDR, Finding and Order (Feb. 9, 2022).[2]

{¶ 14} Timely motions to intervene were filed by, and intervention granted to, Ohio Consumers' Counsel (OCC), Environmental Law and Policy Center (ELPC), Ohio Partners for Affordable Energy (OPAE), and Interstate Gas Supply, Inc. (IGS).

{¶ 15} Consistent with the procedural schedule, on March 29, 2022, Staff filed the Staff Report.

{¶ 16} On April 28, 2022, objections to the application and/or Staff Report were filed by Dominion, OCC, ELPC, OPAE, and IGS.

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[2] Subsequently, the Commission approved an adjustment to Dominion's DSM Rider rate to $0.0326 per Mcf. *In re The East Ohio Gas Co. d/b/a Dominion Energy Ohio*, Case No. 22-1021-GA-RDR, Finding and Order (Mar. 22, 2023).

{¶ 17} By Entry issued on July 28, 2022, the procedural schedule was amended such that direct testimony was due by August 19, 2022, and a hearing scheduled to commence on September 13, 2022, at 10:00 a.m., at the offices of the Commission.

{¶ 18} On August 19, 2022, direct testimony and supplemental direct testimony were filed by Dominion, Staff, and the OCC.

{¶ 19} At the hearing, the following exhibits were admitted into the record: Dominion's application (DEO Ex. 6) and alternative rate plan exhibits (DEO Ex. 7), the direct testimony of Dominion witnesses Ella Hochstetler (DEO Ex. 1, DEO Ex. 4), James Herndon (DEO Ex. 2, DEO Ex. 5), and Celia B. Hashlamoun (DEO Ex. 3);[3] the direct testimony of OCC witness Colleen Shutrump (OCC Ex. 1); and the testimony of Staff witness Kristin DuPree (Staff Ex. 1) and the Staff Report (Staff Ex. 2). At the conclusion of the hearing, a briefing schedule was set with initial briefs due by October 7, 2022, and reply briefs due October 21, 2022.

{¶ 20} On October 6, 2022, Staff filed its initial brief and on October 7, 2022, initial briefs were filed by Dominion, ELPC, OPAE and OCC. Reply briefs were filed by Dominion, ELPC, OPAE, and OCC on October 21, 2022.

C. Summary of the Application

{¶ 21} In its application, Dominion proposes an alternative rate plan to modify and continue its existing DSM/EE programs and to add eight new DSM/EE programs for residential and small commercial customers. Dominion proposes to continue and to modify its low-income Housewarming Program and to continue its Home Performance with ENERGY STAR Program. Further, Dominion proposes to introduce eight new programs

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[3] The testimony of Mr. Herndon and Ms. Hashlamoun was admitted, without cross-examination, by agreement of the parties along with a stipulation of certain facts regarding the Home Performance with ENERGY STAR Program (Tr. at 10-11).

for residential and small commercial customers, namely, the High Efficiency Residential Gas Equipment Program, E3 Smart Program (an education partners program), Home Energy Report Program, Residential New Construction Builder Program, Residential EE Marketplace Program, Multi-family Incentive Program, High Efficiency Commercial Gas Equipment Program, and Commercial Custom Program.

{¶ 22} As part of the application, Dominion seeks an increase in the DSM/EE budget to approximately $14.6 million in the first year, with $5.5 million to continue to be recovered in base rates and the remainder recovered through the Company's DSM Rider, as shown in the table below:

Year of the DSM/EE Program	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Dominion's Proposed Budget	$14,552,967	$16,965,667	$19,695,463	$20,418,770	$20,400,323

{¶ 23} Like the current process, recovery of the DSM/EE budget in excess of the $5.5 million in base rates would be reflected in the rider and updated annually. In addition, after the fifth year, Dominion proposes that the total amount of DSM/EE funding increase annually by three percent, until such time as the Company 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. Dominion reasons the annual three percent increase will allow 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.

{¶ 24} The projected bill impact for residential customers for the expanded portfolio of DSM/EE programs would increase from approximately $0.27 per month to approximately $0.39 per month the first year, increasing to $0.86 per month in the fifth year (DEO Ex. 3 at 6-7).

{¶ 25} Dominion reasons that its DSM/EE programs and the associated funding has not changed since 2009, and, as proposed, the expanded portfolio of DSM/EE programs would result in a lower per customer spend than other programs approved by the Commission:

Natural Gas Company	Annual DSM Budget Spend	Customers	Spend Per Customer
Columbia Gas of Ohio, Inc. (2022)	$35.0 million	1,400,000	$25
CenterPoint Energy of Ohio (2022)	$6.0 million	330,000	$18
Dominion Energy Ohio (current)	$9.5 million	1,200,000	$8
Dominion Energy Ohio (Y5 proposed)	$20.4million	1,200,000	$17

(DEO Ex. 4 at 3.)

{¶ 26} Further, Dominion requests authority 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 (DEO Ex. 1 at 5; DEO Ex. 6 at 8-9; DEO Ex. 7 at 4). According to Dominion, the expanded and new DSM/EE programs are designed to increase or provide new opportunities for consumer participation as well as lower barriers to access the programs. The new programs afford small commercial customers, which presently support the programs financially, the opportunity to participate in Dominion's DSM/EE programs (Tr. at 37). The Company projects participation to increase from an average of 5,700 participants for the years 2017 to 2021, to an average of approximately 229,000 with the expanded portfolio of DSM/EE proposed programs (DEO Ex. 4 at 6; DEO Ex. 2 at 3–4; DEO Ex. 5 at 4–7). The energy savings for the existing programs in 2021 was 558,000 therms; with the expanded portfolio of proposed programs, Dominion states the projected annual energy savings would range between 3.3 million therms, in Year One, to an average 5.5 million therms in Year Three through Year Five (DEO Ex. 2 at 10, Ex. 2.2).

{¶ 27} Based on cost-benefit analyses, Dominion claims the expanded portfolio of DSM/EE programs will be cost-effective based on three tests: the Total Resource Cost Test

(TRC), Utility Cost Test (UCT) and Participant Cost Test (PCT) (DEO Ex. 2 at 11–13, Ex. 2.2; DEO Ex. 5 at 2–3.) In addition to the energy savings benefits, Dominion claims numerous non-energy benefits for all Dominion customers irrespective of participation in the programs, including environmental benefits in the form of improved air pollution and reduced greenhouse gas emissions, improved health, safety and reliability from weatherization and upgrades to natural gas equipment, economic benefits through the creation of jobs and support for EE vendors, customer education regarding their energy consumption, efficient products, and consumer behaviors (DEO Ex. 1 at 8-9; DEO Ex. 2 at 12-13; DEO Ex. 4 at 6-7; Tr. at 33).

{¶ 28} Dominion would recover the incremental costs of the expanded DSM/EE portfolio through the Company's annual DSM Rider updates, gradually increasing funding for the programs. Otherwise, the DSM Rider update process would continue unchanged; Dominion will file no later than December 1 of each year for the rates to be effective April 1 of the following year. Additionally, Dominion requests authorization to adjust program attributes based on changes in market conditions or technology, transfer funding across programs, and carry forward any unspent budgeted costs to future years.

1. DOMINION'S CURRENT DSM/EE PROGRAMS

(a) Housewarming and Home Performance with ENERGY STAR

{¶ 29} Dominion proposes to continue its two current DSM/EE programs, Housewarming, a program for low-income residential customers, and the Home Performance with ENERGY STAR Program. Housewarming offers home assessments for EE and the installation of energy savings products 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. Home Performance with ENERGY STAR offers comprehensive home audits by a third-party provider, who educates customers on energy savings measures, the free installation of several certain low-cost EE devices and coordinates their installation with approved contractors as well as the purchase of optional, discounted smart thermostats. (DEO Ex. 1 at 3-4; DEO Ex. 2 at Ex. 2.1 at 10, Tr. at 10-11).

{¶ 30} Dominion submits that it has successfully delivered these two EE programs for well over a decade; however, Dominion's programs are relatively small when compared to the offerings of other Commission-approved natural gas utilities' programs. *In re Columbia Gas of Ohio, Inc.*, Case No. 16-1309-GA-UNC, et al., Opinion and Order (Dec. 21, 2016) at ¶ 108–119, 125–127; *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, et al., Opinion and Order (Aug. 28, 2019) at ¶ 102; *In re Columbia Gas of Ohio, Inc.,* Case No. 19-1940-GA-RDR, Opinion and Order (Dec. 2, 2020) at ¶ 49–56 *(2020 COH Order)*; *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 19-2084-GA-UNC, Opinion and Order (Feb. 24, 2021) ¶ 59–66, 73–77 *(2021 CEOH Order*) (DEO Ex. 4 at 7). Dominion argues that in these cases the Commission has recognized the continuing need for utility-led EE programs and recognized the benefits of DSM/EE programs for participants and non-participants, as well as the educational aspects of the programs. Applicant emphasizes that the Commission has rejected the notion that the retail market for EE products has obviated the need for utility-sponsored natural gas EE programs. *See 2021 CEOH Order* at ¶ 59-62; *2020 COH Order* at ¶ 50, 52–53. Dominion submits that upon the conclusion of the series of EE workshops held by the Commission in March and April of 2022, the Chair acknowledged the Commission's statutory authority and indeed encouraged jurisdictional and non-jurisdictional interested parties to work collaboratively and cooperatively to propose EE initiatives (Commission meeting of July 27, 2022).

{¶ 31} Dominion would expand the existing DSM/EE programs, increasing the budget from the current approximately $9.5 million, including administration expense, to $10,685,924 ($2,429,638 for Home Performance with ENERGY STAR plus $8,256,286 for Housewarming, excluding administration expense) in the fifth year. The management and administrative cost in the application includes the other proposed programs (DEO Ex. 2 at Ex. 2.2).

2. Dominion's Proposed New EE/DSM Programs

{¶ 32} Further, Dominion proposes to introduce eight new programs for residential and small commercial customers, namely, the High Efficiency Residential Gas Equipment Program, E3 Smart Program (an education partners program), Home Energy Report Program, Residential New Construction Builder Program, Residential EE Marketplace Program, Multi-family Incentive Program, High Efficiency Commercial Gas Equipment Program, and Commercial Custom Program.

(a) High Efficiency Residential Gas Equipment Program

{¶ 33} Like the Home Performance with ENERGY STAR Program, the High Efficiency Residential Gas Equipment Program offers equipment rebates to residential customers that can be used to purchase and install qualifying high efficiency natural gas equipment in their homes. The distinctive element of this program, however, is that no energy assessment is required for the residential customer to be eligible for the rebate. While similar to the Home Performance with ENERGY STAR Program, Dominion proposes to implement this program concurrently with it, not as a replacement. (DEO Ex. 2 at 6.)

(b) E3 Smart Program (an education partners program)

{¶ 34} Dominion's proposed E3 Smart Program intends to equip schoolteachers and their students with training and educational materials related to energy efficiency. The students participating in the program would receive an EE kit that they could take home and install to lower home energy use. Dominion proposes that the program be implemented by the Ohio Energy Project, which works alongside other Ohio utilities such as Columbia Gas of Ohio, CenterPoint Energy, and Ohio's electric cooperatives to promote DSM/EE. (DEO Ex. 2 at 8.)

(c) Home Energy Report Program

{¶ 35} The Home Energy Report Program intends to provide participants with customized reports comparing their monthly and annual energy use to that of a peer group of similar homes and homes considered energy efficient. The goal of the program is to generate customer awareness of EE and to motivate customers to reduce energy use and participate in other DSM/EE programs. (DEO Ex. 2 at 6-7.)

(d) Residential New Construction Builder Program

{¶ 36} The Residential New Construction Builder Program aims to encourage builders of new homes in Dominion's service territory to incorporate efficient technologies and building practices into their construction practices. Dominion would utilize financial incentives to encourage builders to use the eligible measures. A builder could access these incentives upon either building a home to meet higher efficiency standards, after an independent modeling of the home's performance, or installing qualifying natural gas equipment in a home. (DEO Ex. 2 at 6.)

(e) Residential EE Marketplace Program

{¶ 37} Under the Residential EE Marketplace Program, customers can access an online store to directly purchase energy efficient products, with the rebates included in the purchase price so that no additional rebate application is necessary (DEO Ex. 2 at 7).

(f) Multi-family Incentive Program

{¶ 38} This program targets multi-family buildings, where split incentives often create a barrier to the sale of energy efficient products. The Multi-family Incentive Program provides property owners and managers with free EE measures such as high-efficiency showerheads, faucet aerators, and educational materials about other DSM/EE improvements that can be made at properties. (DEO Ex. 2 at 7-8.)

(g) High Efficiency Commercial Gas Equipment Program

{¶ 39} The High Efficiency Commercial Gas Equipment Program provides financial incentives to participating commercial customers who purchase and install qualifying efficient natural gas equipment in their businesses. An application is required before the incentive can be dispensed. The purpose of the program is to encourage small commercial operations to replace existing natural gas equipment with new, energy efficient programs. (DEO Ex. 2 at 8.)

(h) Commercial Custom Program

{¶ 40} Also intended for small commercial customers, this program allows eligible businesses to submit plans for a reduction in their firm quantity of natural gas delivery through installation of DSM/EE measures not contained in the High Efficiency Commercial Gas Equipment Program. In response, based on therm savings, the gas-reducing customer can receive up to a 50 percent cap equal to a percentage of the eligible incurred project cost. (DEO Ex. 2 at 8-9.)

D. Staff and Intervening Parties' Positions

1. Staff

{¶ 41} Based on its review of the application, along with supporting testimony and documentation, Staff finds Dominion is in compliance with R.C. 4905.35, is currently in substantial compliance with the state's policy as specified in R.C. 4929.02, and is expected to remain in substantial compliance with this policy if the Commission approves the implementation of the alternative rate plan. In the Staff Report, Staff notes the current annual participation in the existing EE programs is 6,452 with an annual savings of approximately 558,000 therms in 2021. Staff declares that the Commission has previously determined that Dominion's existing DSM/EE programs are just and reasonable and, therefore, Staff concludes that continuation of the programs is just and reasonable. Further, according to Staff, all parties agree on the continuation of the current low-income programs. Nonetheless, initially, considering the Commission's evaluation and reconsideration of the role of DSM/EE programs in Ohio and given the Company's request to increase DSM/EE funding, Staff did not recommend the Commission approve Dominion's alternative rate application. At hearing, Staff witness DuPree clarified that Staff supports the continuation of Dominion's current DSM/EE programs but had no opinion on the new programs proposed nor the increased budget for DSM/EE programs (Staff Ex. 1 at 2-3; Staff Ex. 2 at 2-3; Staff Br. at 3-4; Tr. at 89).

2. OCC

{¶ 42} OCC opposes the continuation or adoption of Dominion's non-low-income DSM/EE programs and argues that Dominion's proposed funding of its programs is unjust and unreasonable. Further, OCC proclaims that EE products and services are available in the competitive market as nationally 300 million ENERGY STAR certified products were sold in 2020, including in Dominion's service area. OCC notes the per home cost of the Housewarming Program has increased to a high of $10,097 for August 2022. Further, OCC requests that Dominion be required to provide a description and analysis of how Housewarming Program funds will be used in conjunction with programs that coordinate with and contribute funds to low-income weatherization services. Dominion's proposal, OCC argues, should be modified to include a transparent accounting of program costs, and leveraged funds.[4] OCC advocates that Staff hold a workshop on Pay As You Save (PAYS®), an on-bill tariff program that permits customers to pay over-time, through a tariffed charge, for EE improvements. OCC asserts that one of the impediments for lower income customers to benefit from EE is the upfront cost. According to OCC, PAYS® allows other consumers

[4] According to OCC, the leveraged programs are Home Weatherization Assistance Program, Electrical Partnership Program, Cleveland Public Power Program, FirstEnergy's Community Connections Program, Water Conservation/Water Repair Program, Plumbing and Sewer Repair, and the Northeast Ohio Regional Sewer District.

who do not wish to or cannot participate in Dominion's EE programs to avoid subsidizing other Dominion customers. OCC claims PAYS® is a more equitable adoption of EE for low-income and moderate-income consumers. (OCC Ex. 1 at 3, 9-11, Ex. CLS-1 at 1; Tr. at 70, 71-75.)

3. OPAE

{¶ 43} OPAE agrees, as Staff determines, that Dominion's application is in compliance with R.C. R.C. 4929.05(A)(1) and (2) and contends this aspect of the application is uncontested. OPAE submits that Staff declined to offer a recommendation regarding the justness and reasonableness of Dominion's application in the Staff Report prior to the Commission's EE workshops. However, based on the Commission's proclamations after the workshops, OPAE argues that the workshops should not be an impediment to the approval of Dominion's application.[5] As noted above, OPAE emphasizes Staff's recognition of the justness and reasonableness of the current DSM/EE programs offered by Dominion and the continuation of those programs. OPAE encourages the Commission to recognize that consumers need the ability to control their energy usage and lower their bill, particularly in the current inflationary climate. OPAE pleads that it is only fair to allow Dominion customers savings options similar to those provided to other Ohio customers. Notably, OPAE infers, Staff did not state Dominion's DSM/EE programs were unjust or unreasonable and found that, if the proposed programs were approved, Dominion would remain in substantial compliance with R.C. 4905.35 and R.C. 4929.02. OPAE emphasizes the cost/benefit analysis presented by Dominion demonstrates that the expanded portfolio of programs will save customers more than the programs' costs (Tr. at 24; DEO Ex. 2 at 2-3).

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[5] Chair French's remarks at the July 27, 2022 Public Utilities Commission Meeting. Accessible at https://www.youtube.com/watch?v=HsEaoP1iNI0 beginning at 18:34. (Last accessed Sept. 12, 2023.)

For these reasons, OPAE encourages the Commission to approve Dominion's application. (Staff Ex. 2 at 2; OPAE Br. at 2-5.)

4. ELPC

{¶ 44} ELPC supports Dominion's plan to expand its DSM/EE portfolio. Consequently, ELPC objected to the Staff Report's recommendation of denial based on previously ongoing workshops meant to evaluate EE policy in Ohio. In its brief, ELPC states the standard Dominion had to meet to receive approval was threefold according to R.C. 4929.05: (1) Dominion is in compliance with R.C. 4905.35 and in substantial compliance with state policy as outlined by R.C. 4929.02; (2) Dominion is expected to continue to be in substantial compliance with R.C. 4929.02 after implementation of the alternative rate plan; and (3) the alternative rate plan is just and reasonable (ELPC Br. at 3-4). In ELPC's opinion, the first two requirements are undisputed, and Dominion carried its burden of proof in demonstrating the third. According to ELPC, Staff declined to express an opinion on the justness and reasonableness of the DSM/EE portfolio expansion, deferring instead to the Commission. (ELPC Br. at 6.) However, ELPC notes, Staff made no findings related to the cost-effectiveness of the expansion. At the same time, Staff determined that Dominion's application satisfied the state policy objectives articulated in R.C. 4929.02. *Id*. ELPC also points to recent decisions from this Commission supporting DSM/EE programs. *Id.* at 4-5; *see 2021 CEOH Order* at ¶ 73 ("[t]here can be no doubt that, in recent history, Ohio regulatory policy has embraced natural gas DSM programs.") *See also 2020 COH Order* at ¶ 53 (wherein the Commission identified "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.") Staff's reliance on EE workshops, ELPC contends, is insufficient to deem the programs "unreasonable" for the purposes of R.C. 4929.05. Based on Dominion's hearing testimony regarding the cost-effectiveness of its DSM/EE programs, and the neutrality or silence of

Staff's evidence on that same issue, ELPC argues that the Commission should approve Dominion's application.

III. COMMISSION CONCLUSIONS

{¶ 45} As previously stated, in this application Dominion proposes to continue and to expand its two existing programs, as well as initiate the eight new DSM/EE programs described above. The Commission notes that all parties endorse the continuation of the Housewarming Program, Dominion's weatherization program for low-income customers (DEO Ex. 1 at 3; OCC Ex. 1 at 4-5; Staff Ex. 1 at 2; OPAE Br. at 6; ELPC Br. at 9). As one of Dominion's current programs, the Housewarming Program has delivered EE and education to Dominion's low-income customers for over a decade. The evidentiary record supports the continuation of the Housewarming Program for low-income Dominion customers as it not only directly benefits the customer participating but helps to control the cost of the gas PIPP program and potentially to reduce the cost of bad debt, to the benefit of all Dominion customers. OCC requests that Dominion leverage funds from other sources and provide programs in support of the Housewarming Program. We agree. Therefore, the Commission directs that Dominion work with other weatherization and assistance programs for residential customers within its service territory to coordinate and maximize the EE benefits offered to its low-income customers through the Housewarming Program. The Commission recognizes the budget for the Company's DSM/EE programs has not increased since the program's inception, and the level of annual participation has remained relatively small while the cost of weatherizing homes, like the cost of many other goods and services, is increasing (DEO Ex. 6 at 5, OCC Ex. 1 at 9-10, Tr. at 31). The Commission finds an increase in the budget for the Housewarming Program, to $8.2 million annually, is appropriate to facilitate the increasing cost of the program per household served and to facilitate an increase in the number of low-income customers that can be served annually (DEO Ex. 2 at Ex. 2.2). Accordingly, the Commission finds Dominion's Housewarming Program for low-income customers to be just and reasonable, and the continuation and expansion of the program supported by record evidence and Commission policy. For these reasons, the

Commission approves Dominion's application to continue and expand the Housewarming Program.

{¶ 46} Further, the Commission directs Dominion to present to its collaborative EE partners and present to the Commission for its consideration a smart thermostat program for low-income customers. Dominion may incorporate the thermostat program as a component of its Housewarming Program or as an independent program available to low-income households and income challenged moderate-income households whose income is above the eligibility requirements for various income-based assistance programs. As a part of its smart thermostat program, Dominion should explore engaging with CRNGS suppliers to assist in the widespread distribution of smart thermostats to choice eligible customers.

{¶ 47} Dominion's other existing EE program, Home Performance with ENERGY STAR, provides any residential customer, upon request, a home energy audit for $25 and the customer receives, at no additional cost, certain EE products including installation and a report with recommendations for additional measures to improve the EE of their home. The remainder of the cost for each audit and EE products, approximately $234 per audit, is covered by the utility's EE program (DEO Ex. 2 at Ex. 2.1; Tr. at 10-11). In its application, Dominion seeks approval to continue Home Performance with ENERGY STAR along with eight new EE programs described above and the requested cost recovery adding approximately $6 million to the cost of the programs, a nearly 30 percent increase over five years. In considering the continuation and expansion of Home Performance with ENERGY STAR and the initiation of the eight new DSM/EE programs, the Commission finds Dominion's application to be unreasonable, at this time.

{¶ 48} The Home Performance with ENERGY STAR, as well as the proposed new programs, will primarily benefit the participating customers with the expense of such programs being carried by all Dominion customers (OCC Ex. 1 at 4, Attachment 1; Tr. at 33). Before Dominion filed the current application, the Commission had approved several applications, some pursuant to Stipulations, offering an array of DSM/EE programs similar to those proposed by Dominion. *2021 CEOH Order* at ¶ 74; see also *2020 COH Order* at ¶ 53; *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, et al., Opinion and Order (Aug. 28, 2019) at ¶ 102; *In re Columbia Gas of Ohio, Inc.*, Case No. 16-1309-GA-UNC, et al., Opinion and Order (Dec. 21, 2016) at ¶ 126. After Dominion filed the pending application, as several parties note, the Commission conducted workshops to receive comments, reply comments, and presentations for the education of the Commission and Staff, jurisdictional utilities, interested stakeholders, and the general public regarding efficient, cost-effective DSM/EE programs. Ultimately, the Commission encouraged collaboration among interested parties and expressed its anticipation of the presentation of DSM/EE programs for the Commission's consideration.

{¶ 49} Since the inception of Dominion's EE programs, the Commission notes that the market for EE services and products has developed to the extent that customers should be aware of and sufficiently knowledgeable to explore the availability and benefits of such services and products through the competitive marketplace. Dominion customers, indeed, all utility customers, have been encouraged to use all available tools, including engaging in conservation and EE, to reduce the cost of their utility bills. The Commission is not convinced by the record of this case that there continues to be a need for expansive, utility-sponsored DSM/EE programs as presented in Dominion's application. Further, since this application was filed, the landscape of Ohio's economy has changed significantly. Ohio, along with the rest of the nation, endured a pandemic, causing supply shortages and a spike in inflation, including increases in the cost of electricity and natural gas. In these difficult times, the Commission is acutely mindful of the range of residential household budgets, particularly Dominion's low-income customers and moderate-income customers whose income is above the eligibility requirements for various income assistance programs. We find that the subsidization of the costs of these programs across Dominion's footprint acts as a burden on the Company's ratepayers. For these reasons, we deny Dominion's application to continue and expand its Home Performance with ENERGY STAR Program and to initiate the proposed eight new DSM/EE programs. And, having denied the programs, the Commission finds moot the Company's request for approval to transfer funding across programs. Accordingly, Dominion is directed to begin to wind-down its Home Performance with ENERGY STAR Program over the next six months such that the program shall be terminated by no later than September 1, 2024, and any reconciliation adjustment reflected in the next DSM Rider adjustment application filed thereafter. Any request for a home energy audit approved prior to March 1, 2024, should be honored. We direct that Dominion cease accepting applications for a home energy audit as of March 1, 2024, and by no later than January 15, 2024, the Company should begin notifying customers that requests for an energy audit will no longer be accepted as of March 1, 2024.

{¶ 50} Finally, while we approve an increase in funding for Dominion's Housewarming Program to $8.2 million, we deny Dominion's request for an annual three percent increase, until Dominion files an application to modify their alternative rate plan. We do not know when Dominion will next seek a modification to its alternative rate plan related to DSM/EE, and therefore the Commission cannot say when such an increase would expire, and whether at that time such increases would be in the Commission's sole opinion just and reasonable. To that end, Dominion is directed to continue to annually file an application to adjust its DSM Rider.

{¶ 51} The record supports a finding that Dominion's DSM/EE program, as modified in this Opinion and Order, is in compliance with R.C. 4905.35 and is currently in substantial compliance with the state's policy as specified in R.C. 4929.02 and is expected to remain in substantial compliance with this policy.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

{¶ 52} Dominion is a natural gas company and a public utility as defined by R.C. 4905.03 and R.C. 4905.02, respectively. As such, Dominion is subject to the jurisdiction of this Commission.

{¶ 53} On October 29, 2021, Dominion filed a notice of intent to file an application for approval of an alternative rate plan under R.C. 4929.05. Dominion noted that the application would request approval to continue and expand its energy efficiency programs.

{¶ 54} On November 30, 2021, as supplemented on January 5, 2022, Dominion filed its alternative rate plan application, including supporting exhibits and testimony pursuant to R.C. 4909.18, 4929.05, 4929.11, and 4929.111.

{¶ 55} By Entry dated January 26, 2022, Dominion was notified that the Company's application is in compliance with Ohio Adm.Code 4901:1-19-06 and, therefore, deemed to have been filed on November 30, 2021.

{¶ 56} On January 5, 2022, Dominion supplemented its application with notarized verifications of the application executed by officers of Dominion, pursuant to R.C. 4909.18.

{¶ 57} The procedural schedule was established pursuant to Entries issued on January 31, 2022, and July 28, 2022.

{¶ 58} On March 29, 2022, Staff filed the Staff Report.

{¶ 59} OCC, ELPC, OPAE and IGS were granted intervention in the case.

{¶ 60} The evidentiary hearing in this matter was held on September 13, 2022.

{¶ 61} The Commission finds that Dominion's application complies with the conditions for approval of an alternative rate plan, as set forth in R.C. 4929.05(A) and approved consistent with this Opinion and Order.

V. ORDER

{¶ 62} It is, therefore,

{¶ 63} ORDERED, That Dominion's application be approved, in part, consistent with this Opinion and Order. It is, further,

{¶ 64} ORDERED, That Dominion be authorized to file tariffs, in final form, consistent with this Opinion and Order. Dominion shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 65} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 66} ORDERED, That a copy of this Opinion and Order be served upon all interested persons of record.

COMMISSIONERS:
Approving:
Jenifer French, Chair
Lawrence K. Friedeman
Dennis P. Deters
John D. Williams

GNS/CLW/dr