

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF WESTFIELD GAS, LLC,)
D/B/A CITIZENS GAS OF WESTFIELD FOR (1))
AUTHORITY TO INCREASE RATES AND CHARGES)
FOR GAS UTILITY SERVICE AND APPROVAL OF A)
NEW SCHEDULE OF RATES AND CHARGES; (2))
APPROVAL OF CERTAIN REVISIONS TO ITS)
TERMS AND CONDITIONS APPLICABLE TO GAS)
UTILITY SERVICE; AND (3) APPROVAL PURSUANT)
TO INDIANA CODE SECTION 8-1-2.5-6 OF AN)
ALTERNATIVE REGULATORY PLAN UNDER)
WHICH IT WOULD CONTINUE ITS ENERGY)
EFFICIENCY PROGRAM PORTFOLIO AND)
ENERGY EFFICIENCY RIDER)

CAUSE NO. 44731

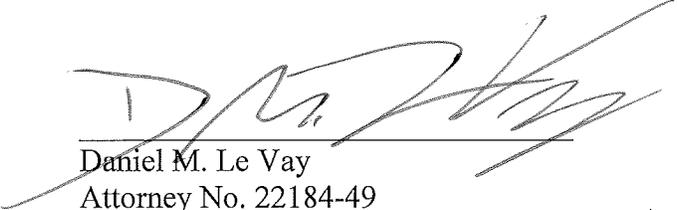
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 4

TESTIMONY OF APRIL M. PARONISH

SEPTEMBER 28, 2016

Respectfully submitted,


Daniel M. Le Vay
Attorney No. 22184-49
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS APRIL M. PARONISH
CAUSE NO. 44731
WESTFIELD GAS, LLC, D/B/A CITIZENS GAS OF WESTFIELD

1 **I INTRODUCTION**

2 **Q: Please state your name, employer, business address and title.**

3 A: My name is April M. Paronish. I am employed by the Indiana Office of Utility
4 Consumer Counselor (“OUCC”) located at 115 West Washington Street, Suite
5 1500 South, Indianapolis, Indiana 46204. I am a Utility Analyst in the Resource
6 Planning and Communications Division. My professional experience is detailed in
7 Appendix AMP-1 attached to this testimony.

8 **Q: What is the purpose of your testimony?**

9 A: My testimony explains why the Indiana Utility Regulatory Commission
10 (“Commission”) should deny Westfield Gas, LLC, d/b/a Citizens Gas of
11 Westfield’s (“Petitioner” or “Westfield Gas”) proposal to extend its energy
12 efficiency (“EE”) programs and to recover \$8,500 per year for EE expenditures.

13 **Q: Does Westfield Gas explain its reasoning and provide support for including an**
14 **on-going amount of energy efficiency funding in a tracker?**

15 A: No. Ms. Prentice discusses how Westfield Gas “is committed to promoting a long
16 term Energy Efficiency Portfolio, and energy efficiency efforts in general, given a
17 cost recovery mechanism that would support Petitioner’s ability to promote
18 reductions in usage without impairing its ability to recover the non-commodity

1 costs...”¹ Ms. Prentice also notes that Citizens Gas terminated its energy efficiency
2 funding component (“EEFC”); however, it continues to recover \$470,588 through
3 base rates for EE promotion to fund low income weatherization – “one of the more
4 crucial needs in the Citizens Gas territory.”² Ms. Prentice mentions that Westfield
5 Gas proposes to recover \$8,500 per year to “meet the needs in its service territory,”
6 but does not provide support for the service territory’s “needs.” Additionally,
7 Westfield Gas does not provide support for its overall EE portfolio, which I will
8 address further in my testimony below.

9 **II ENERGY EFFICIENCY PROGRAM PLAN**

10 **Q: Does Petitioner provide an EE Program Plan in its testimony?**

11 A: No. Instead of an EE Program Plan, Ms. Prentice provided high-level descriptions
12 for one residential rebate program and one commercial rebate program that are
13 subject to change from year-to-year.³

14 **Q: In lieu of an EE Program Plan, are these two program descriptions adequate?**

15 A: No. For the following reasons, these high-level descriptions are deficient:

- 16 1. No budget identifying estimated costs for administration, marketing, etc. at the
17 portfolio level or at the program level was provided;
- 18 2. There are no estimated participants for each program or measure;
- 19 3. While estimated gross and net energy savings at the program level were
20 provided in response to OUCC data request 10, no estimated energy savings at
21 the measure level are provided;

¹ Petitioner’s Witness Prentice, P. 32, lines 6-9.

² *Id.*

³ Petitioner’s Witness Prentice, P. 33, lines 2-17.

- 1 4. Benefit/cost calculations are not provided by portfolio or by program; and
2 5. Ratepayer protections that have been included in previous filings are no longer
3 being proposed.

4 **Q: Please discuss why the above-listed information is essential.**

5 A: Without a plan detailing the budget and assumptions used to derive energy savings
6 estimates, the OUCC is unable to determine if the request for automatic year-to-
7 year funding is reasonable. One area of particular concern arises when comparing
8 Westfield Gas's 20,340 gross therm savings estimate to its 5,570 net therm estimate
9 for the Commercial Prescriptive Program.⁴ The large discrepancy between
10 estimated gross and net therm savings begs the question as to whether this program
11 is cost effective. The OUCC advocates that all programs be as cost effective as
12 possible; however, for public policy reasons it is understood that cost effectiveness
13 is not required for low income-focused programs. This is an important aspect given
14 that, unlike Citizens Gas's low income weatherization program funding that is built
15 into base rates, Westfield Gas is proposing to offer programs that should be
16 designed to be cost effective from the start.

17 **Q: Do you have other concerns with Petitioner's EE spending proposal?**

18 A: Yes. As of June 30, 2016, Petitioner's EE program scorecard⁵ showed zero
19 participation and savings year-to-date for its Commercial Prescriptive Program, yet
20 Westfield Gas spent \$1,039. These results are not reflective of a successful

⁴ See Attachment AMP-1 Westfield Gas's response to OUCC data request 10.1.

⁵ See Attachment AMP-2, Westfield Gas June 2016 Scorecard.

1 program, and this is another reason Westfield Gas should present a plan that
2 includes spending and savings assumptions.

3 **Q: You mention ratepayer protections included in previous filings are absent**
4 **from this filing. Please explain.**

5 A: First, previous filings included more information from which to draw conclusions
6 about the reasonableness of programs. Given that no plan was submitted, this places
7 a great deal of risk on ratepayers. Second, an Oversight Board (“OSB”) has been
8 an integral part of previous plans and in this case Westfield Gas does not propose
9 continuation of the OSB construct. OSBs provide the OUCC an opportunity to
10 question program spending (including administration funding), program design,
11 cost effectiveness, and other issues as they arise. Third, not only does Westfield
12 Gas fail to indicate expected energy savings, it does not present information
13 indicating whether its programs will be subjected to evaluation, measurement &
14 verification (“EM&V”). EM&V is conducted to verify program savings and, based
15 upon findings, make program adjustments. Program results are also used as inputs
16 to the benefit/cost calculations for the next program year.

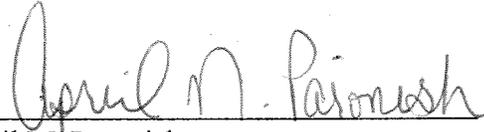
17 **III RECOMMENDATION**

18 **Q: Please summarize your recommendation to the Commission in this Cause.**

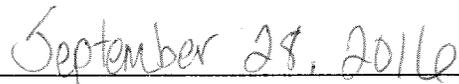
19 A: Absent an EE Program Plan and the additional ratepayer protections discussed
20 above, I recommend the Commission deny Westfield Gas’s request to continue EE
21 programs and recover up to \$8,500 per year for EE expenditures in Appendix E:
22 Energy Efficiency Adjustment.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



April M. Paronish
Senior Utility Analyst
Indiana Office of Utility Consumer Counsel
Cause No. 44731
Westfield Gas, LLC



Date

**APPENDIX AMP-1 TO TESTIMONY OF
OUCC WITNESS APRIL M. PARONISH**

1 **Q: Please describe the review and analysis you conducted to prepare your**
2 **testimony.**

3 A: I reviewed Petitioner’s Witness LaTona Prentice’s testimony as well as Westfield
4 Gas’s energy efficiency (“EE”) program scorecards. I have also served on
5 Westfield Gas’s Oversight Board (“OSB”) and have regularly attended past
6 meetings to monitor EE program effectiveness and to adjust funding and/or
7 program design to optimize program results and cost-effectiveness.

8 **Q: Please summarize your educational background and work experience.**

9 A: I graduated *summa cum laude* from Franklin University in Columbus, Ohio in 1992,
10 with a Bachelor of Science degree, majoring in Business Management. I also
11 received a Master of Science degree in Marketing and Communications from
12 Franklin University in 2002.

13 I have been employed at the OUCC since April 2007 as a Utility Analyst. I
14 have attended a number of in-house, industry-sponsored and regulatory educational
15 programs since joining the OUCC. To date, my work at the OUCC has focused
16 on demand-side management (“DSM”) and energy efficiency issues. I have testified
17 in numerous DSM-related cases before the IURC including the IURC’s Cause No.
18 42693 Phase II investigation into DSM. I have also testified regarding DSM in the
19 following utility dockets: Vectren (Cause Nos. 43427, 43839, 43938, 44495 and
20 44645); Indianapolis Power and Light (Cause Nos. 43623 and 43960); Indiana
21 Michigan Power Company (Cause Nos. 43546, 43769, 43827, 43959, and 44486);

1 Northern Indiana Public Service Company (Cause Nos. 43912, 44001, and 44154);
2 Northern Indiana Fuel & Light and Kokomo Gas and Fuel (Cause No. 43745); Duke
3 Energy Indiana (Cause Nos. 43079 DSM-6, 43955, 43955 DSM-3 and 44008);
4 Citizens Gas & Westfield Gas (Cause No. 44124); Harrison & Jackson County
5 (Cause No. 44040); Marshall County REMC (Cause No. 44041); and Northeastern
6 REMC (Cause No. 44160). In addition, I previously served on the statewide
7 Demand Side Management Coordination Committee (“DSMCC”) and its Third
8 Party Administrator (“TPA”) Subcommittee and Evaluation, Measurement and
9 Verification (“EM&V”) Subcommittee.

10 I represent the OUCC on Vectren, IPL, I&M and DEI’s Electric DSM
11 Oversight Boards. I also represent the OUCC on Vectren, Citizens Gas, and
12 Westfield Gas’s DSM Oversight Boards, and I previously facilitated the Gas Utility
13 Joint Oversight Board. My work on these Oversight Boards includes, but is not
14 limited to, reviewing program progress and budgets (including voting to make
15 changes to programs and/or budgets); developing RFPs; reviewing vendor bids;
16 drafting program-specific questions regarding costs, estimated savings, program
17 implementation, and other related matters. Prior to joining the OUCC I held various
18 positions at American Electric Power Service Corporation, 3X Corporation, Alliance
19 RTO, and the Midwest ISO.

20 **Q: Have you previously testified before the IURC?**

21 **A:** Yes.

DATA REQUESTS

DATA REQUEST NO. 1:

On page 33 of 41, lines 7-17 of Ms. Prentice's testimony, she identifies the "precise programs to be included in Citizens Gas of Westfield's Energy Efficiency Portfolio," which consists of a residential rebate program and a commercial rebate program.

- a. Please state Petitioner's estimate of gross therms to be saved by the residential rebate program.
- b. Please state Petitioner's estimate of gross therms to be saved by the commercial rebate program.
- c. Please state Petitioner's estimate of net therms to be saved by the residential rebate program, after independent Evaluation, Measurement and Verification ("EM&V") has been performed.
- d. Please state Petitioner's estimate of net therms to be saved by the commercial rebate program, after independent Evaluation, Measurement and Verification ("EM&V") has been performed.
- e. Please state the amount of rebate for each measure installed for the residential rebate program.
- f. Please state the amount of rebate for each measure installed for the commercial rebate program.
- g. Has Petitioner selected any vendor to perform any EM&V? If so, please identify the vendor and provide a copy of the statement of work agreed to by Citizens Gas of Westfield and the EM&V vendor.

RESPONSE:

- a. Petitioner objects to subpart (a) of the foregoing Data Request on the grounds that it is vague and ambiguous as to the period for which it seeks an "estimate of gross therms to be saved by the residential rebate program." Subject to and without waiving the foregoing objection and assuming the request seeks an estimate for a one year period, the answer is 4,627 therms.
- b. Petitioner incorporates herein by reference its objection to subpart (a) above. Subject to and without waiving the foregoing objection and using the assumption stated therein, the answer is 20,340 therms.
- c. Petitioner incorporates herein by reference its objection to subpart (a) above. Subject to and without waiving the foregoing objection and using the assumption stated therein, the answer is 3,119 therms based on the 2016 CLEAR Result Operating Plan. Petitioner further incorporates herein by reference its response to subpart (g).
- d. Petitioner incorporates herein by reference its objection to subpart (a) above. Subject to and without waiving the foregoing objection and using the assumption

- stated therein, the answer is 5,570 therms based on the 2016 ClearResult Operating Plan. Petitioner further incorporates herein by reference its response to subpart (g).
- e. Boilers \$300; Furnaces \$250; Programable/Wi-Fi Thermostats \$20; Smart Wi-Fi Thermostat \$100.
 - f. Thermal efficiency water heater \$150; tankless water heater \$150; programmable thermostat \$20; furnace \$250; boiler \$500; boiler tune-up \$200.
 - g. No. Given the scale of its program, Petitioner has not traditionally paid for an independent EM&V analysis, but has used the analysis for Citizens Gas. Petitioner has been in contact with Vectren to discuss applying results from its future EM&V analyses to Petitioner's programs.

WITNESS:

LaTona S. Prentice

Performance Update - Program Results through June 30, 2016

January 1, 2016 - June 30, 2016	Gross Therm Savings			Net Therm Savings			Program Budget		
	Actual Thru 6/30/16	Goal	YTD % to Goal	Actual Thru 6/30/16	Goal	YTD % to Goal	Actual Thru 6/30/16	Budget	YTD % to Budget
PROGRAMS CITIZENS									
Residential Prescriptive	219,112	207,379	105.7%	160,166	142,101	105.7%	\$532,502	\$531,744	100.1%
General Service Prescriptive	161,917	314,897	51.4%	53,489	135,839	39.4%	\$120,761	\$206,353	58.5%
Custom	50,711	168,814	30.0%	35,497	118,170	30.0%	\$81,494	\$226,222	36.0%
Programs Subtotal	431,740	691,090	62.5%	239,153	396,109	60.4%	\$734,767	\$964,319	76.2%
SUPPORT SERVICES									
Support Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unallocated Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Citizens Gas Portfolio Totals	431,740	691,090	62.5%	239,153	396,109	60.4%	\$734,767	\$964,319	76.2%

Performance Update - Program Results through June 30, 2016

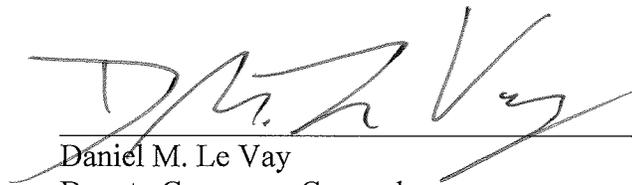
January 1, 2016 - June 30, 2016	Gross Therm Savings			Net Therm Savings			Program Budget		
	Actual Thru 6/30/16	Goal	YTD % to Goal	Actual Thru 6/30/16	Goal	YTD % to Goal	Actual Thru 6/30/16	Budget	YTD % to Budget
PROGRAMS WESTFIELD									
Residential Prescriptive	2,448	2,158	113.5%	1,644	1,458	112.8%	\$4,466	\$5,254	85.0%
Commercial Prescriptive	0	29,496	0.0%	0	7,587	0.0%	\$1,039	\$4,808	21.6%
Programs Subtotal	2,448	31,654	7.7%	1,644	9,045	18.2%	\$5,505	\$10,062	54.7%
SUPPORT SERVICES									
Support Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unallocated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Westfield Portfolio Totals	2,448	31,654	7.7%	1,644	9,045	18.2%	\$5,505	\$10,062	54.7%

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 4 Testimony of April M. Paronish* has been served upon the following counsel of record in the captioned proceeding by electronic service on September 26, 2016.

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