

June 23, 2016

RECEIVED

Mr. Aaron Greenwell
Acting Executive Director
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

JUN 23 2016

PUBLIC SERVICE
COMMISSION

RE: Case No. 2016-00107

Dear Mr. Greenwell

Enclosed for docketing with the Commission is an original and ten (10) copies of Columbia Gas of Kentucky Inc.'s Response to the Commission's Order of June 9, 2016. Should you have any questions about this filing, please contact me at 614-460-4648.

Sincerely,



Stephen B. Seiple
Assistant General Counsel

Enclosures

cc: Hon. Richard S. Taylor

KY PSC Case No. 2016-00107
Response to Staff's Data Request Set Three No. 1
Respondent: William Steven Seelye

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED JUNE 9, 2016

1. Refer to Columbia's Amended and Supplemental Response to Commission Staff's Second Request for Information ("Staffs Second Request"), Item 1, Attachments 1, 2 and 3. Provide in Excel spreadsheet format all results and supporting calculations for each California Test for each individual DSM program and for the program as a whole. The response should be in sufficient detail that all inputs to the calculations can be seen specifically the inputs to each test's benefits, avoided costs, costs, and lost revenue, if applicable.

Response:

Attached is a CD containing the spreadsheets used to prepare Columbia's Amended and Supplemental Response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 1, Attachments 1, 2, and 3.

KY PSC Case No. 2016-00107
 Response to Staff's Data Request Set Three No. 2
 Respondent: William Steven Seelye

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED JUNE 9, 2016

2. Refer to Columbia's response to Staff's Second Request, Item 2.d. Provide a breakdown of the rebates issued in the High Efficiency Rebate Program showing how many were issued for each appliance listed in Table 1 on page 9 of the Direct Testimony of William Steven Seelye.

Response: Please see chart below.

Appliance Rebates - Type	\$	Participants in Program Year TME October 31					
		2010	2011	2012	2013	2014	2015
Forced Air Furnace > 90% > 30,000 Btu	\$400		1,034	833	820	899	895
Dual Fuel Furnace > 90% > 30,000 Btu	\$300		191	95	66	64	43
Space Heater 99% > 10,000 Btu	\$100		18	9	10	15	11
Gas Logs 99% > 18,000 Btu	\$100		86	69	101	36	25
Gas Fireplace > 90% > 18,000 Btu	\$100		13	12	9	12	16
Tank Hot Water Heater 0.62 Energy Factor > 40 gallons	\$200		42	80	126	158	102
Power Vent Hot Water Heater 0.62 Energy Factor > 40 gallons	\$250		10	13	23	31	17
On Demand Hot Water Heater 0.67 Energy Factor -- size not applicable	\$300		35	27	39	33	70
T total Participants		0	1,429	1,138	1,194	1,248	1,179

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED JUNE 9, 2016

3. Refer to Columbia's response to Staff's Second Request, Item 3.
 - a. The response to 3.b. indicates that the original estimate of cost per participant was \$150. Confirm that the original estimate of the cost per participant was \$50, resulting in the original estimated budget of \$200,000 filed in Case No. 2009-00141.¹
 - b. State whether the California Test results provided in response to the Commission Staff's First Request for Information, Item 6 and Staff's Second Request, Item 1, were based on the original estimate of \$50 per customer for 4,000 projected participants.
 - c. Explain whether Columbia is continuing to advertise the Home Energy Audit Program. If not, explain why not given the extreme drop-off in participation to earlier levels following 2013.

¹ Case No. 2009-00141, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates* (filed Oct. 26, 2009), Application, Volume 7, Attachment Seelye-2.

d. According to the table, beginning in 2012 the estimated number of participants is 1,000 and the estimated cost per participant is \$150, which implies an annual budget of \$150,000 for the program years 2012 through 2015. Confirm that this is the annual budget for those years and if so, explain why this differs from the budget of \$200,000 filed in Case No. 2009-00141 and Case No. 2012-00016.²

Response:

- a. Yes, the original estimate of the cost per participant was \$50, resulting in the original estimated budget of \$200,000 filed in Case No. 2009-0014.
- b. The California Test results provided in response to the Commission Staff's First Request for Information, Item 6 and Staff's Second Request, Item 1, were based on \$200 per customer for 1,000 projected participants. The \$200 per customer used in the analysis was based on a maximum cost level and is conservative.
- c. Columbia continues to advertise the Home Energy Audit Program as the "Home Energy Check-up" after determining that customers found the term "check-up" to be more appealing than the term "audit". Columbia plans its advertising to try to maintain a steady number of requests in

² Case No. 2012-00016, *Filing of Columbia Gas of Kentucky, Inc. to Amend Its Demand-side Management Energy Efficiency and Conservation Rider* (filed Feb. 20, 2012), Response to Commission Staff's First Request for Information, Item 2.

order to manage the workload and reasonable response time to customer requests.

Columbia's experience has demonstrated that the Home Energy Audit Program depends more than either the Low-Income Furnace Replacement Program or Rebate Program on its own promotion efforts and natural gas commodity prices. The other two programs benefit from promotion by other parties, but participation in the audit program is stronger when Columbia advertises the program and decreases dramatically without any promotion. The volume of customer response to advertising is impacted by the perception of whether natural gas prices are high or low. Periods of higher commodity prices generate a more heightened move to action by customers than periods of lower commodity prices.

- d. Columbia has estimated the budget based on the cost per participant as the actual cost of providing the on-site premise visit. Originally, this amount was expected to be approximately \$50, but that was insufficient to obtain a reliable contractor that would not attempt to sell repair services to the customer. The current actual cost of a premise visit is \$150.

An amount of \$200 was used in the California Test analysis conducted in this case, as a maximum cost level and to be conservative.

Upon a customer request to participate, an appointment is scheduled and confirmed with the customer. If the contractor arrives at the scheduled time for the appointment and is unable to perform the audit because the customer has failed to keep the appointment and not called to cancel or reschedule, then the contractor is paid \$50 for the premise visit. Thus, the cost could be \$200 in total.

COLUMBIA GAS OF KENTUCKY, INC.
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DATED JUNE 9, 2016

4. Refer to Columbia's responses to Staff's Second Request, Items 2 through 4.
 - a. Based on actual participants and cost per year for each of the three Demand-Side Management ("DSM") programs, and based on the requested increase from \$2,200 to \$2,800 for the Low Income Furnace Replacement Program, state whether Columbia continues to project that its annual cost for DSM programs will be \$908,000. Explain the response.
 - b. Provide the annual cost and participation levels per program that Columbia expects to experience for each year through June 30, 2021. Provide all assumptions for each projection including support for any projected change from historical levels of cost and participation.
 - c. Provide in Excel spreadsheet format results and supporting calculations for each California test for each individual program and for the program as a whole, using costs and benefits based on projections provided in response to Item 3.b. Estimated annual MCF

savings should be based on either actual savings experienced by participants in Columbia's programs or on updated engineering estimates.

Response:

a. and b. Yes, Columbia continues to project that its annual cost for DSM programs will be \$908,000 annually. As described in Case No. 2012-00016, Columbia manages the overall budget based upon an anticipated average annual spend of \$908,000, but individual components vary based upon customer demand. Columbia expects that overall participation will be relatively stable. However, in the current market, Columbia expects participation in the Home Energy Audits to be lower than historical peaks and this would allow the higher cost of individual furnace replacements to be absorbed within the overall program budget.

c. See Columbia's response to Staff's Third Request, Item 1. Columbia does not have actual savings, nor is Columbia aware of a practicable way to measure such savings on an actual basis. Columbia has maintained original engineering estimates for the programs. The core measures are essentially the same as the original program and the original estimates should still be reasonably valid.