

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of: )  
 )  
ELECTRONIC INVESTIGATION OF THE REA- ) Case No. 2018-00044  
SONABLENESS OF THE ENERGY EFFICIENCY )  
AND CONSERVATION RIDER OF COLUMBIA )  
GAS OF KENTUCKY, INC. )

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**PREPARED DIRECT TESTIMONY OF  
HERBERT A. MILLER, JR.  
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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**July 16, 2018**

**PREPARED DIRECT TESTIMONY OF HERBERT A. MILLER, JR.**

1 **Q: Please state your name and business address.**

2 A: My name is Herbert A. Miller, Jr., and my business address is 2001 Mercer  
3 Road, Lexington, Kentucky 40511.

4

5 **Q: What are your current position and responsibilities?**

6 A: Since September 1, 2006, I have served as President of Columbia Gas of Ken-  
7 tucky, Inc. ("Columbia") and as a member of its Board of Directors. My re-  
8 sponsibilities include the general operation of the natural gas distribution  
9 utility in 30 Kentucky counties, and specifically all regulatory, legislative  
10 and corporate affairs, operations, business strategy, policy matters, customer  
11 relations and external and public matters associated with the utility service  
12 of Columbia.

13

14 **Q: What is your educational background?**

15 A: I received a B.A. degree from the University of Kentucky in 1972, and a J.D.  
16 degree from the University of Kentucky College of Law in 1976.

17

18 **Q: Please describe your employment history.**

1 A: Prior to joining Columbia, from 1998 to 2006, I served as the Corporate  
2 Counsel for all of the regulated subsidiaries of the American Water Works  
3 Company in Kentucky, Tennessee and Georgia. From 1993 to 1998, I was a  
4 partner in the law firm of Stoll Keenon & Park (now Stoll Keenon Ogden  
5 PLLC). From 1980 to 1993, I was the Senior Vice President and General  
6 Counsel for First Security Corporation, a Kentucky multi-bank holding  
7 company. From 1977 to 1980, I was Corporate Counsel for the Lexington-  
8 Fayette Urban County Government, and from 1976 to 1977 I served in the  
9 Office of Chief Counsel of the U.S. Customs Service in Washington, D.C.  
10 In addition, I am a former Adjunct Instructor in the University of Ken-  
11 tucky College of Business and Economics.

12  
13 **Q: Have you previously testified in rate cases before the Kentucky Public**  
14 **Service Commission?**

15 A: Yes. I have filed testimony in several previous cases including Case Nos.  
16 2007-00008, 2009-0041 ("2009 Rate Case), 2013-00167 ("2013 Rate Case"),  
17 and 2016-00162 ("2016 Rate Case").

18

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

2 A: The purpose of my testimony is to provide the Commission with a brief  
3 overview of Columbia's energy efficiency programs and its impact on our  
4 customers.

5

6 **Q: Please summarize the business of Columbia.**

7 A: Columbia is one of seven natural gas local distribution companies in the  
8 NiSource Inc. ("NiSource") family of utility companies. Headquartered in  
9 Lexington, Kentucky, it is largely the result of a long history of consolida-  
10 tions of other natural gas distribution companies. The result is a system  
11 made up of various different types of pipe installed during different time  
12 periods. With operations offices in Ashland, Frankfort, Lexington,  
13 Maysville, Prestonsburg and Winchester, Columbia serves approximately  
14 135,000 customers in 30 Kentucky counties. Through over 2,600 miles of  
15 mains, it provides natural gas service to residential, commercial and in-  
16 dustrial customers in the counties and municipalities listed in its Tariff.  
17 NiSource is headquartered in Merrillville, Indiana and was created by the  
18 mergers of Northern Indiana Public Service Company ("NIPSCO") and  
19 Bay State Gas Company in 1998, and the Columbia Energy Group in 2000.

1 NiSource is a registered public utility holding company subject to the ju-  
2 risdiction of the Federal Energy Regulatory Commission.

3

4 **Q: Please provide a brief status and history of Columbia’s energy efficien-  
5 cy program.**

6 A: Columbia’s current energy efficiency Program is the exact same program  
7 the Commission approved in Case No. 2016-00107 on October 11, 2016, for  
8 a five-year continuation through June 30, 2021.

9 The Program originally began following the Commission’s Order dated  
10 October 26, 2009, in Case No. 2009-00141, in which the Commission ap-  
11 proved the creation of Columbia’s Demand Side Management (“DSM”)  
12 program, also known as Columbia’s Energy Efficiency/Conservation Pro-  
13 gram (“EECP” or “Program”) and Energy Efficiency Conservation Rider  
14 (“EECR”). Since the EECP’s conception, the Commission has approved  
15 the extension of the program two times.

16 Columbia originally created the Program as a means to provide  
17 customers the opportunity to conserve gas consumption and lower their  
18 utility bill. Since then, over 11,886 customers have participated in Colum-  
19 bia’s High Efficiency Appliance Rebate program, the Home Energy Audit

1 program (now called Home Energy Check-Ups), and the Low-Income  
2 High Efficiency Furnace Rebate Program.

3

4 **Q. Since the Program began, has there been an overall decline in residential**  
5 **consumption of natural gas?**

6 A. Yes. In 2009, the average annual residential consumption of natural gas by  
7 Columbia customers was 72.4 Mcf (thousand cubic feet). In 2017, the an-  
8 nual average consumption was 68.8 Mcf. This is a decline of almost 5%.

9

10 **Q: Please describe Columbia’s collaboration with its stakeholders in the**  
11 **development and implementation of its EECP.**

12 A: When Columbia first developed its EECP in Case No. 2009-00141, it con-  
13 sulted with the Office of the Kentucky Attorney General (“AG”) and the  
14 Community Action Council for Lexington-Fayette, Bourbon, Harrison and  
15 Nicholas Counties (“CAC”) and the other intervenors in the case. Pursu-  
16 ant to the October 26, 2009 Order in that case, Columbia then established a  
17 DSM collaborative consisting of all the parties to that proceeding, on a go-  
18 ing forward basis.

19 Most recently, Columbia sought input from the collaborative in its  
20 renewal of the EECP in Case No. 2016-0017. The AG, CAC, Stand Energy

1 and IGS Energy participated in that collaborative. Some members of the  
2 collaborative advocated for the expansion of Columbia's DSM offerings.  
3 However, Columbia ultimately felt that its offerings effectively achieved  
4 its goal of providing residential customers the opportunity to reduce natu-  
5 ral gas consumption at a cost that is fair, just and reasonable to Colum-  
6 bia's customer base.

7

8 **Q: What are the benefits of Columbia's EECP to its customers?**

9 A: Columbia's EECP provides cost-effective, customer-oriented energy effi-  
10 ciency services for residential customers throughout Columbia's entire  
11 service territory. The programs improve customer safety, comfort, and  
12 productivity while reducing wasteful and inefficient use of natural gas.  
13 Specifically, Columbia's High Efficiency Furnace Rebate program encour-  
14 ages customers to replace old, inefficient appliances that are oftentimes  
15 unsafe. In addition to safety benefits, Columbia's EECP increases custom-  
16 ers' financial resource by reducing natural gas bills. The Home Energy  
17 Check-Ups make customers more aware of their energy usage and gives  
18 them greater autonomy in making decisions for their households.  
19 Finally, the EECP has societal benefits such as lowering carbon dioxide  
20 emissions and supporting job creation and economic development.

1 **Q: Why should Columbia be permitted to continue its EEC?**

2 A: Columbia's EEC provides many tangible benefits to its customers. Since  
3 the program's inception, Columbia has worked with the collaborative and  
4 other stakeholders to offer meaningful programs at a price that is fair, just  
5 and reasonable to its customer base. As explained further in witness  
6 Seelye's testimony, the programs offered effectively reduce customers'  
7 natural gas bills at a reasonable program cost. Columbia's program is  
8 modest, yet impactful.

9

10 **Q: Does this complete your Prepared Direct testimony?**

11 A. Yes. However, I reserve the right to file rebuttal testimony if necessary.