

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

In the matter of:)
)
ELECTRONIC APPLICATION OF) Case No. 2022-00049
COLUMBIA GAS OF KENTUCKY,)
INC. FOR APPROVAL OF THE GREEN)
PATH RIDER PILOT PROGRAM)
)

**PREPARED DIRECT TESTIMONY OF
ERICH A. EVANS
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

Joseph M. Clark
Assistant General Counsel
John R. Ryan
Senior Counsel
290 W. Nationwide Blvd.
Columbus, Ohio 43215
Telephone: (614) 813-8685
(614) 285-2220
Email: josephclark@nisource.com
johnryan@nisource.com

L. Allyson Honaker
Brittany H. Koenig
HONAKER LAW OFFICE, PLLC
1795 Alysheba Way, Suite 6202
Lexington, Kentucky 40509
Telephone: (859) 368-8803
Email: allyson@hloky.com
brittany@hloky.com

Attorneys for Applicant

COLUMBIA GAS OF KENTUCKY, INC.

December 29, 2022

1

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

3 A: My name is Erich Evans and my business address is 290 W. Nationwide
4 Blvd., Columbus, OH 43215.

5

6 **Q. By whom are you employed?**

7 A. I am employed by NiSource Corporate Services Company, as the Strategy
8 and Risk Integration Director. I am responsible for corporate strategy and
9 risk for the NiSource gas distribution companies.

10

11 **Q. Please describe your professional experience and educational
12 background.**

13 A. I have been employed in various capacities with NiSource since 2003 in
14 positions of increasing responsibilities in the NiSource Corporate Services
15 Company. I started with the company as Manger, Gas Transportation and
16 Sales support. In 2004 I was promoted to Director, Gas Transportation and
17 Sales Support; in 2006 I became the Director, Distribution Customer
18 Programs; in 2007 I became the Director, Commodity & Performance, in
19 2010 I became the Director, Regulatory Strategy, in 2016 I became the
20 Director, Corporate Strategy and Development, and in 2020 I became the

1 Strategy and Risk Integration Director. Prior to working for NiSource I
2 held various positions with CSC Energy Services and Enron Energy
3 Services. I graduated from Miami University with a Bachelor of Arts
4 degree, majoring in Economics.

5

6 **Q. What are your responsibilities as Strategy and Risk Integration**
7 **Director?**

8 A. I am responsible for the development of corporate strategy and risk
9 initiatives for NiSource's gas distribution companies.

10

11 **Q. What is the purpose of your testimony in this proceeding?**

12 A. The purpose of my testimony is to support the presentation and
13 description of Columbia Gas of Kentucky's proposed new Green Path
14 Rider.

15

16 **Q. Please describe the Green Path Rider.**

17 A. The Green Path Rider is a fee based, opt-in rider that allows customers an
18 option to reduce some or all of their emissions related to their natural gas
19 usage. To do this, Columbia will purchase renewable natural gas (RNG)
20 environmental attributes and carbon offsets to reduce the customer's

1 emissions associated with their natural gas usage. This will be done to
2 match the customer's election of either a 100% reduction in emissions or a
3 50% reduction. Customers opting into the Green Path Rider will be
4 charged an additional fixed fee per Mcf reflecting the cost of the RNG,
5 carbon offsets and administration costs of the program. Customers will be
6 required to be on the rider for a minimum period.

7

8 **Q. Why is Columbia Gas of Kentucky proposing to offer its customers a**
9 **Green Path Rider at this time?**

10 A. In recent years, there has been an increased focus by some consumers and
11 investors about the valuable role of energy companies in developing and
12 implementing energy technologies in a way that ensures a steady,
13 affordable, and sustainable energy supply – while promoting efficient
14 customer usage, assisting in strengthening communities, spurring
15 economic development, and protecting and preserving shared natural
16 resources. Columbia, and its parent, NiSource Inc. believe that natural gas
17 infrastructure will play an important role in our energy future and in
18 helping to achieve decarbonization goals. To this end, Columbia has taken
19 strides to ensure that its natural gas infrastructure is properly positioned
20 to play support in our energy future. Specifically, in the Company's 2021

1 rate case, the Commission approved updates to Columbia’s tariffs to
2 define gas quality standards to provide clarity for producers of RNG
3 within Kentucky. The Green Path Rider is another step by which
4 Columbia will support the development of offerings that further
5 decarbonization goals by empowering its customers to designate a portion
6 or all of their monthly energy usage to be attributed to renewable
7 resources.

8

9 **Q. Why is Columbia proposing the Green Path Rider as a five-year pilot?**

10 A. Columbia is proposing a five-year pilot to align with the RNG and carbon
11 offset purchase agreement, which is described in Witness Andrew
12 Campbell’s testimony. The duration of the pilot program will also enable
13 Columbia to educate consumers about the program, and to promote the
14 development of RNG.

15

16 **Q. How will the RNG environmental attributes and carbon offsets be**
17 **purchased?**

18 A. Columbia Gas of Kentucky will purchase RNG environmental attributes
19 and carbon offsets on behalf of the customers who opt-in to the Green
20 Path Rider from a third-party supplier. This approach will enable

1 Columbia Gas of Kentucky to streamline the purchase of the RNG
2 attributes and carbon offsets and reduce the administrative burden of the
3 pilot program. The costs for the RNG attributes, carbon offsets, the costs
4 for the third-party supplier's services and the limited programming and
5 consumer education costs will be reflected in a fixed volumetric charge for
6 the term of the pilot program. Columbia will not retain any portion of the
7 fees that customers pay toward the Green Path Rider. Any incremental
8 costs or fees to operate the program will be included in the Green Path
9 rate. For more information, please see the Direct Testimony of witness
10 Andrew Campbell.

11

12 **Q. How will you ensure that other customers are not subsidizing the cost?**

13 A. Columbia will charge a surcharge only to the customers opting into the
14 Green Path Rider for the cost. All costs of the program will be recovered
15 through the rider. Other customers who do not choose the Green Path
16 Rider will be unaffected.

17

18

19

1 **Q. What is the difference between this service and traditional tariff sales**
2 **service?**

3 A. While the Green Path Program is available to customers receiving
4 traditional tariff sales service, the two are otherwise unconnected. The
5 Green Path Program merely provides customers an avenue to voluntarily
6 reduce their carbon footprint (totally or by half) through this program,
7 which is administered by Columbia and its third-party vendor. The Green
8 Path Rider does not replace or otherwise supplant a customer's
9 commodity supply; customers who choose the Green Path Rider will still
10 pay the gas cost adjustment ("GCA"). As noted in the testimony of
11 Witness Cooper, customers participating in the CHOICE Program are not
12 eligible for the Green Path Rider.

13
14 **Q. How do you know customers will be interested in a Green Path Rider?**

15 A. Columbia surveyed its residential customers regarding whether or not
16 they would be interested in an option to lower their carbon footprint for
17 an additional fee. Columbia's poll results were as follows; 77% said that
18 customers should be given a choice of using renewable energy, 63% said

1 that using RNG was appealing to them and 15% of the customers
2 indicated that they are willing to pay more for renewable energy.¹

3

4 **Q. How will the rider rate be calculated?**

5 A. The rider rate will be comprised of the negotiated price of RNG
6 environmental attributes and carbon offsets procured from the third-party
7 supplier, costs related to IT programming, and costs related to consumer
8 education. Columbia has negotiated a fixed price for the RNG attributes
9 and carbon offsets. The IT programming costs and the consumer
10 education costs are driven by the projection of annual usage under the
11 rider. That amount will be added to the fixed price for RNG and carbon
12 offsets, to determine the price for the rider. A spreadsheet outlining the
13 details of this calculation is attached to my testimony as Attachment A.
14 After the first year of the program, and each year thereafter, Columbia
15 will re-calculate the cost of the rider using the formula contained in
16 Attachment A and present the new cost to the Commission through the
17 filing of an annual update.

¹ Please note that these amounts are based on a survey of 87 of Columbia Gas of Kentucky's residential customers. These results provided Columbia with directional information used in the decision to offer customers the choice to participate in the Green Path Rider. A similar survey, conducted in 2018, received responses from 141 Columbia Gas of Kentucky customers. The 2018 survey results were: 64% said that customers should be given a choice of using renewable energy and 54% said that RNG was appealing. These surveys show increasing awareness and support for RNG. Offering the Green Path Rider in Kentucky will increase the exposure and knowledge of these options for Columbia's customers.

1 **Q. How will Columbia determine how much RNG environmental**
2 **attributes and/or Carbon Offset credits to purchase?**

3 A. As I noted above, Columbia has negotiated a fixed price for the RNG
4 attributes and carbon offsets for the first year of the Green Path Rider.
5 These will be purchased at the end of each month. Columbia will
6 purchase an amount equal the volumes used by customers. In this way,
7 Columbia will not have to estimate volumes and will only purchase what
8 is needed to supply customers who have opted into the rider. For a
9 detailed description of this process, please see Direct Testimony of
10 Andrew Campbell.

11

12 **Q. What kinds of customer education costs will be included in the rider**
13 **amount? How will Columbia's allocation of such costs be calculated?**

14 A. Columbia believes that many customers are unaware of RNG and carbon
15 offsets and how they can be used to lower the natural gas related
16 emissions. Because of this, Columbia plans to provide information on its
17 website, emails to customers, and use some direct mail to educate
18 customers. A budget of \$11,400 has been established for Columbia to
19 perform these activities. This amount will be included in the Green Path

1 rider rate. Should costs exceed that amount Columbia would not attempt
2 any recovery of those costs.

3

4 **Q. What kinds of IT costs will be included in the rider amount? How will**
5 **Columbia's allocation of such costs be calculated?**

6 A. In order to offer the Green Path Rider, Columbia will need to modify its
7 customer billing system and website. Columbia's share of these costs will
8 be calculated based on the number of customers it serves as a proportion
9 of the total customers across NiSource.

10

11 **Q. How will customers enroll in the rider?**

12 A. Customers can enroll in the rider through Columbia's website or by
13 calling Columbia's Customer Care center.

14

15 **Q. Can the customers cancel at any time?**

16 A. Yes, Columbia customers can cancel any time, without penalty. The only
17 requirement is they must be on for a full billing cycle. The charges will not
18 be pro-rated for a partial month, if the customer cancels.

19

20

1 Q. Does this conclude your Direct Testimony?

2 A: Yes.

COMMONWEALTH OF KENTUCKY

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THE ELECTRONIC APPLICATION OF
COLUMBIA GAS OF KENTUCKY, INC. FOR
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PROGRAM

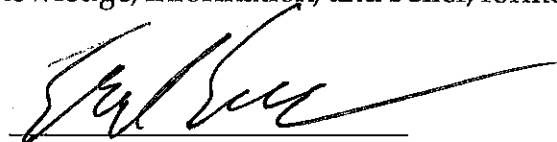
Case No. 2022-00049

VERIFICATION OF ERICH EVANS

STATE OF OHIO

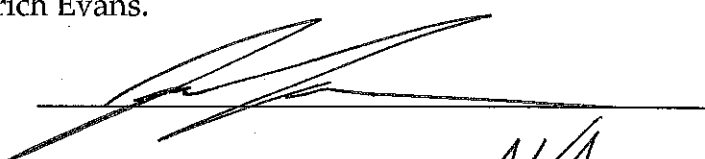
COUNTY OF FRANKLIN

Erich Evans, the Strategy and Risk Integration Director of NiSource Corporate Services Company, being duly sworn, states that he has supervised the preparation of his Direct Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.



Erich Evans

The foregoing Verification was signed, acknowledged and sworn to before me this 7 day of December, 2022, by Erich Evans.



Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III
Attorney At Law
Notary Public, State of Ohio
My commission has no expiration date
Sec. 147.03 R.C.