

**Duke Settlement Board Meeting Minutes**  
**February 1, 8:00 a.m. - 12:30 p.m.**  
**Location: Randy Freking, Myers & Reul**  
**525 Vine St., 6th Floor Cincinnati, OH 45202**

**Board Members:** Kevin Bright, Debbie Brooks, Kathy Merchant, Brewster Rhoads, Mark Shanahan

**Attorneys:** Paul DeMarco, Ariane S. Johnson, Bill Markovits

**Guests:** Larry Falkin, Ron DeLyons, Jock Pitts, Andy Holzouser, Tim Donovan, Dan Gray

**Staff:** Megan Kennedy, Beth Schirmer

**Introductions and Discussion:**

- Board Member, Mark Shanahan, thanked the guests for coming and asked each person to explain their involvement in energy efficiency programming, including insights on best practices and challenges or gaps. (Further questions were asked by Board members and each guest's answers are reflected below in Key points).
  
- Tim Donovan
  - [tim@hpenergy.com](mailto:tim@hpenergy.com)
  - <http://hpenergyco.com/>
- Energy project development firm
- Focus is on sports facilities, commercial, retail, banks and higher education
- Do mostly lighting projects
  - Key Points:
    - Without a return, energy efficiency projects are not truly sustainable.
    - Education is an important piece to promoting energy efficiency.
      - There is a lag time from when you switch on a light to when you receive your utility bill.
      - It is necessary to emphasize the benefits of energy efficiency.
      - Leverage technology to unlock potential savings in buildings
    - The uptake in selling energy efficiency is low and needs to be addressed.
    - Investing in marketing could be helpful and it should be done with many different programs.
    - The split incentive issue- leveraging effect of building with net zero.
    - One investment with settlement money: A revolving fund.
    - Expressed interest in developing an Energy Efficiency Demonstration site to showcase how EE can be designed into buildings
    - The value of a building is derived from the underlying P&L, so as energy expense is reduced, building value goes up. But the issue is competing for the capital to get the EE projects done.
    - Even when working with sophisticated energy buyers, the sales cycle is still 12-18 months

- Andy Holzhauser  
[AHolzhauser@greatercea.org](mailto:AHolzhauser@greatercea.org)  
<http://greatercea.org/>
  - Organization founded 7 years ago as non-profit serving Greater Cincinnati and Northern Kentucky
  - Primary focus has been on middle-income residential and small business
  - Raised \$20 million initially to startup operations
  - Received a \$17 million grant from DOE through ARRA funding
  - Offers programs to compliment low-income and Duke Energy programs
  - Provided a Level 2 energy audit, which is more diagnostic and comprehensive than the Duke Energy audits
  - Designed a revolving loan fund to finance projects – have served about 1,400 homes at \$10,000 each (on average) for \$1.4 million
  - C&I focus has been on PACE financed projects
    - Key Points:
      - PACE (Property Assessed Clean Energy) financing tool.
        - Complements existing programs.
        - \$0 cash out of pocket – payback through special property tax assessment that stays with the building and is paid by subsequent owners
      - Energy Efficiency programming works mainly at a regional level.
      - It's important to make energy efficiency information transparent.
      - When founded, GCEA's original focus was on Non-Profits. Found that they are very good at delivering on their mission, but not very good at looking inward to improve their operations
      - CMHA- RAD (Rental Assistance Demonstration)- buildings that were once only available to government are now open to private capital and that money can be used for energy efficiency upgrades.
      - Energy efficiency salespeople (primarily contractors) should be acknowledged as key players.
      - Greening of the Multiple Listing Service (residential):
        - Allows homeowners to announce what they have done (i.e. environmental upgrades) to their home in the online MLS listing.
      - Who else needs to be at the table: Cincinnati State which trains energy efficiency technicians)
      - One investment with settlement money: low-cost, long-term financing.
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- Jock Pitts  
[pittsj@pwchomerepairs.org](mailto:pittsj@pwchomerepairs.org)  
<http://www.pwchomerepairs.org/ohio.aspx>
  - Organization founded 40 years ago, and is only firm of its type in the country
  - 501c3 construction company
  - Focus is on making homes habitable (emergency repairs) before doing EE improvements – average cost is about \$1,300 per job

- Provide mobility enhancements for the disabled
- Recently expanded into the Dayton market, and have been invited to look at Indianapolis market too
- In a typical year, PWC will get about 1,000 no heat calls
- Average income of their customer base is \$13,000 per year
- Funding from Duke Energy is down about \$1.5 million due to relocation of headquarters and reduced overall giving
- Duke Energy programs only go to 175% of Federal Poverty Level, but most others go to 200%
- Veterans are the fastest growing subset of PWC customers
  - Key Points:
    - Focus on “whole house” modifications/repair, so that people can stay in their home.
    - The ancillary benefits of upgrading a home- health, lifestyle (children have better grades, etc).
    - The issue of a one-time only repair.
    - Duke Energy’s funding for PWC has been vital to be able to leverage additional funds.
    - PWC can keep people in their home in 87% of the cases.
    - Marketing dollars are not an issue for them as they have a constant waiting list of customers to serve
      - 1/3 of all homes that they enter have natural gas leaks and carbon monoxide issues
      - Homes serviced by PWC were 40% healthier than those they didn’t – Cadmus Report
      - Homes serviced by PWC were 17% better in math, 14% better in reading – Cadmus Report
    - Having flexibility with grant/donation dollars is critical to their success
- Ron DeLyons
  - [ron.delyons@creekwoodadvisors.com](mailto:ron.delyons@creekwoodadvisors.com)
  - [rtd@creekwoodenergy.com](mailto:rtd@creekwoodenergy.com)
  - <http://creekwoodenergy.com/>
- Works only with commercial and industrial customers
- Focus on both the supply and demand side of energy for customers
  - Key Points:
    - Energy management involves reducing cost, consumption, environmental impacts, and reliance on the grid.
    - Building stock needs to be improved in an environmental sense to be more competitive.
    - Small business owners and middle market employers should be targeted with energy efficiency programs.
    - Access to funding sources is a challenge for small business owners
    - It’s important to leverage the settlement money and push those with underperforming buildings to make commitments for improvement.

- Trust is very closely intertwined with risk- lower risk options will encourage people to adopt these energy programs; matching dollars can also serve this role.
- Larry Falkin  
[Lawrence.Falkin@cincinnati-oh.gov](mailto:Lawrence.Falkin@cincinnati-oh.gov)  
<http://www.cincinnati-oh.gov/oes/>
- Has been analyzing energy consumption at City facilities to determine which to upgrade
- Have completed about \$20 million in upgrades that save about \$2 million per year
- Administers contracts to serve both the City of Cincinnati and residents of the City
- Receives a couple of \$100k of dollars into fund which is leveraged to do as much work as the City can to fund EE improvements
  - Key Points:
    - The City owns buildings for many years, so the return is felt.
    - By 2030, most new buildings will be net-zero, so the focus should be on retrofitting the existing buildings in Cincinnati to be competitive.
    - We fundamentally misunderstand that energy efficiency is not just an economic problem- It's also psychological.
      - Why building owners don't move forward on these programs even though it has clear financial benefits.
    - Turn –key packages may be necessary.
    - Other people working on energy/ should be at the table:
      - Working in Neighborhoods(<http://www.wincincy.org>); Steve Melink- 50 net-zero homes in South Cumminsville.
      - Greater Cincinnati BOMA (Building Owners and Managers Association) <http://firstgreenbuildingservices.com/tag/greater-cincinnati-boma/>
      - Greater Cincinnati/ Northern Kentucky Apartment Association
      - REIA - Real Estate Investors Association of Cincinnati
    - Building Benchmarking and Disclosure Ordinances are being adopted by many cities on the coasts.
      - transparency, gives companies an idea about how they measure up to other building owners and management associations.
    - One thing the settlement money should be used for: parceled out in slices to support different but complimentary initiatives.
- Dan Gray  
[dgray@empowergande.com](mailto:dgray@empowergande.com)  
<http://empowergasandelectric.com/>
- Works as a contractor for the City of Cincinnati to promote EE projects
- Contract is structured as a Pay for Performance contract
- Builds upon other programs that are already established (City, GCEA , Duke Energy)
- Focus is on residential and renter stock
  - Key Points:
    - Sales is a key part of the energy efficiency industry.

- There are many gaps in capital, especially lower and middle income household (min Credit Score of 640)
- Most people are reluctant to take on debt, so they have setup an unsecured installment plan – not a loan.
- Renters – 4 units or less – represent about 50% of DEO population
- Most renters pay utilities, so they suffer from split-incentives – similar to commercial real-estate
- Empower is also a Certified Retail Energy Supplier and is looking to do a repayment plan through On-Bill repayment
- It is important to use specific information when talking about energy to homeowners.
  - graphs and specifics about each individual home
- One thing the settlement money should be used for: Bill repayment program- paying for energy efficiency through your utility bill.
  - Offset the costs it may take for utility companies to change the way they do transactions.

## **Discussion and Action Steps...**

- Conflict of Interest document – Paul and Mark will review and present recommended policy at next meeting.
- Access to Dropbox – Megan will make sure all attorneys have access
- Need for full disclosure requirement at every meeting for board members & guests to disclose if they have any contracts with Duke - Bill and Paul will write up proposed document for board to review by next meeting
- Contract administrator position – reaffirmed our commitment of a minimum of 10 hours a week at \$20 per hour for Megan’s work as our administrative coordinator
- Recording time spent by Board members on Board work – Beth and Megan will develop reporting form and Bill and Paul will draft policy guideline for reporting time
- Website – Megan will add brief description of board, bios, pictures, links to documents, what happened at the last meeting, what will happen at the next meeting, etc. Bill will revise Kathy’s board description “blurb” for website.
- Board By-laws – Bill and Paul will develop draft for review and adoption at next board meeting
- Discussion of CBF Document with edits – Paul and Bill will review and make sure it is compatible with court documents
- Energy efficiency/conservation matrix for programs and how they help different class members – Mark will develop and share before next meeting
- Recognized that we need to develop a 10 minute presentation about our plan of action to the Court at the Settlement Hearing on April 18.
- Board members drafted Brewster to facilitate next meeting
- Discussion about “take aways” from presentations by our resource experts:
  - Overarching theme that leveraging the funds we have to allocate should be key consideration for our work.

- Recognized that we need to be sure that our available funds are used to benefit the residential and non-residential members of the class.
- Engaging the Greater Cincinnati Building Owners and Manager's Association (BOMA) and a representative from the Greater Cincinnati association of energy conservation contractors would be very helpful.

**Next meetings:**

**February 24, 2016, 9-1:00p.m. at Freking, Myers & Reul**

**March 9, 2016, 9-1:00p.m.**

**April 6, 2016, 9-1:00p.m.**

**April 18, 2016, Settlement Hearing before Judge Sargus in Cincinnati at Federal Courthouse (time TBD)**

Minutes recorded by Megan Kennedy