

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Edison Company, the Cleveland Electric)	
Illuminating Company and the Toledo)	
Edison Company for Authority to Provide)	Case No. 12-1230-EL-SSO
for a Standard Service Offer Pursuant to)	
R.C. § 4928.143 in the Form of an Electric)	
Security Plan		

REBUTTAL TESTIMONY OF

EILEEN M. MIKKELSEN

ON BEHALF OF

**OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY**

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

3 A. My name is Eileen M. Mikkelsen. I am employed by FirstEnergy Service
4 Company as the Director of Rates and Regulatory Affairs for the FirstEnergy Ohio
5 utilities (Ohio Edison Company, The Toledo Edison Company, and The Cleveland
6 Electric Illuminating Company, collectively “the Companies”).

7 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND**
8 **PROFESSIONAL BACKGROUND QUALIFICATIONS.**

9 A. I received a Bachelor of Science Degree in Accounting in 1982 from the
10 University of Detroit and a Masters of Business Administration from Cleveland
11 State University in 1985. I have been employed by FirstEnergy Service Company
12 or one of its affiliates or predecessor companies since 1982. I began my career in
13 the Internal Audit Department and joined the Rates and Regulatory Affairs
14 Department in the mid 1980’s where I worked in various roles with increasing
15 responsibility until I assumed the position of Director of Strategic Planning. I
16 subsequently worked in various positions at FirstEnergy Solutions (“FES”) in
17 Strategic Planning, Marketing and FES’ Energy Consulting Business. I assumed
18 my position as Director of Rates and Regulatory Affairs in 2010.

19 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

20 A. I will be addressing two issues raised by RESA/Direct Energy in this case:

- 1 1. RESA/Direct Energy Witness Ringenbach's arguments that implementation of a
2 purchase of receivables program is necessary because of the manner in which the
3 Companies' existing partial payment posting hierarchy is being implemented.
- 4 2. RESA/Direct Energy witness Ringenbach's and RESA witness Bennett's
5 recommendation that the Commission establish a working group to create a
6 functioning supplier consolidated billing (with suppliers having the responsibility
7 for customer shutoff) in the Companies' service territories.

8

9 **PARTIAL PAYMENT POSTING PRIORITY**

10 **Q. DO YOU AGREE WITH MS. RINGENBACH'S ASSERTIONS ABOUT**
11 **THE ALLEGED "PROBLEMS" WITH THE PAYMENT POSTING**
12 **HIERARCHY?**

13 A. No. The Companies post partial customer payments in accordance with the
14 partial payment posting hierarchy that was approved by the Commission in Case
15 No. 02-1944-EL-CSS. This partial payment posting hierarchy was approved as
16 part of a Stipulation that included Competitive Retail Electric Service ("CRES")
17 providers. The examples she cites in her testimony are not accurate and do not
18 reflect how partial payments are posted.

19 **Q. DO YOU AGREE WITH MS. RINGENBACH'S DIRECT TESTIMONY**
20 **AT PAGES 9 AND 10 THAT IN ORDER TO AVOID DISCONNECTION,**
21 **CUSTOMERS WHO ENTER INTO A PAYMENT PLAN SIMPLY NEED**
22 **TO PAY THE UTILITY PORTION OF THE BILL?**

1 A. No. In this situation, the Companies apply the partial payment posting hierarchy.
2 And, as a result, a payment plan payment is not applied only to amounts owed by
3 to the utility.

4 **Q. DO YOU AGREE WITH MS. RINGENBACH'S DIRECT TESTIMONY**
5 **AT PAGES 9-10 THAT CRES CUSTOMERS WHO RETURN TO**
6 **UTILITY SERVICE AND ARE FACING DISCONNECTION CAN AVOID**
7 **SHUTOFF BY PAYING ONLY THE UTILITY PORTION OF THE BILL?**

8 A. This is incorrect as well. Customers cannot avoid disconnection by paying only
9 the amount of utility arrearages. Payments made by customers to avoid
10 disconnection follow the partial payment posting hierarchy.

11 **Q. HOW DO YOU RESPOND TO MS. RINGENBACH'S VIEW, ON PAGE 12**
12 **OF HER DIRECT TESTIMONY, THAT, WHILE A CRES PROVIDER IS**
13 **MADE AWARE OF WHICH CUSTOMERS ARE PLACED ON A**
14 **DEFERRED PAYMENT PLAN, THE CRES PROVIDER HAS NO SAY IN**
15 **THE PAYMENT AMOUNT, WHICH COULD RESULT IN LITTLE TO**
16 **NO FUNDS BEING PAID TO THE CRES PROVIDER?**

17 A. There are certain payment plans that utilities are required to offer. When a
18 customer is placed on a payment plan, the partial payment posting hierarchy is
19 followed. Consequently, CRES providers are paid consistent with that hierarchy.

20

21 **SUPPLIER CONSOLIDATED BILLING**

22 **Q. DO YOU AGREE WITH RESA/DIRECT WITNESS RINGENBACH'S AND**
23 **RESA WITNESS BENNETT'S RECOMMENDATION THAT THE**

1 **COMMISSION REQUIRE THAT THE FIRSTENERGY OHIO UTILITIES**
2 **FORM A WORKING GROUP TO DISCUSS CREATING SUPPLIER**
3 **CONSOLIDATED BILLING WITH A SHUTOFF OPTION?**

4 A. No, for a number of reasons. First, the implementation of a supplier consolidated
5 billing system would result in a difficult balancing act between the Companies and
6 CRES providers who would collect on its behalf. Second, existing rules govern
7 the Companies' responsibilities specifically, rather than the suppliers'
8 responsibilities in regard to the regulatory compliance issues that would arise from
9 a supplier consolidated billing program. Last, the decentralization of the billing
10 process among numerous parties would lead to greater difficulties in addressing
11 customer complaints.

12 **Q. HOW WOULD THE IMPLEMENTATION OF A SUPPLIER**
13 **CONSOLIDATED BILLING PROGRAM RESULT IN A DIFFICULT**
14 **BALANCING ACT BETWEEN THE COMPANIES AND THE SUPPLIERS**
15 **WHO COLLECT ON ITS BEHALF?**

16 A. The Companies have already made considerable investments in their own billing
17 infrastructure for which its customers continue to pay. Supplier consolidated
18 billing would lead to duplicative billing systems for which the suppliers would
19 seek cost recovery. It would be unreasonable for the Companies to be forced to
20 pay CRES providers, in the form of an explicit payment or a discount on the
21 purchase of its receivables, to conduct billing and collections on the utilities'
22 behalf when the utilities already have the ability to do so on their own. Because
23 the RESA/Direct Energy proposal would give CRES providers the choice of

1 whether to engage in supplier consolidated billing and the ability to switch back to
2 utility consolidated billing, the utilities would be required to continue to maintain
3 and utilize their own billing systems to bill and collect for CRES providers who do
4 not wish to participate in supplier consolidated billing. Even if CRES providers
5 were obligated to provide supplier consolidated billing such an arrangement would
6 leave the Companies with stranded costs associated with their own billing systems
7 that would need to be recovered. In any event, this proposal would create purely
8 duplicative costs associated with potentially numerous billing systems and such
9 costs would need to borne by customers.

10 Further, the implementation of the Companies' prior and existing ESPs has
11 resulted in the establishment of a number of new riders and other charges. Under
12 supplier consolidated billing, the Companies would be entirely reliant on any
13 number of CRES providers to accurately incorporate the Companies' riders and
14 respective rate changes into its bills. The CRES providers' proposals in this case
15 provide scant information as to how the CRES providers would be able to
16 accurately and timely bill and collect all the Companies' rates and tariffs on an on-
17 going basis.

18 **Q. HOW WOULD THE IMPLEMENTATION OF A SUPPLIER**
19 **CONSOLIDATED BILLING PROGRAM COMPLICATE ISSUES OF**
20 **REGULATORY COMPLIANCE?**

21 A. No explanation is provided in the CRES providers' testimony as to how the
22 responsibility for compliance with billing rules and requirements can be shifted
23 from the Companies to the CRES providers under a supplier consolidated billing

1 program. Consequently, the Companies would be in the position where they are
2 still responsible for compliance issues while the CRES provider would actually be
3 doing the billing and dealing with the compliance issues. The Companies would
4 essentially be forced to monitor and enforce each supplier's compliance with all of
5 the billing related requirements. The CRES providers' proposals in this case do
6 not definitively address the potential compliance issues associated with supplier
7 consolidated billing. For example, it is unclear: a) how customer disconnections
8 would occur under a supplier consolidated billing program; b) how the suppliers
9 would incorporate all the regulated information the Companies currently include
10 with customer bills; and c) if the current partial payment posting priority plan
11 would be updated to reflect the new system, and how to address the issues of
12 confidentiality of customer information.

13 **Q. HOW WOULD THE DECENTRALIZATION OF THE BILLING PROCESS**
14 **AMONG NUMEROUS PARTIES LEAD TO GREATER DIFFICULTIES IN**
15 **ADDRESSING CUSTOMER COMPLAINTS?**

16 A. Under supplier consolidated billing, customers would be dealing with a new entity,
17 their CRES provider, for billing and other customer service related matters. The
18 Companies, though, would presumably continue to be responsible for other
19 operational and service related matters. The multiple points of contact may well
20 cause confusion for customers, and new issues for the Companies' and the
21 Commission's contact centers to deal with, and make it more difficult for
22 customers to efficiently get their electric service concerns addressed.

1 **Q. DO YOU AGREE THAT CRES PROVIDERS NEED CONSOLIDATED**
2 **SUPPLIER BILLING TO BRING “INNOVATIVE OPTIONS” TO**
3 **CUSTOMERS IN THIS “EVER-CHANGING MARKETPLACE”?**

4 A. No. CRES providers have the option to directly bill their customers for their
5 charges today. CRES providers who would like to bill their customers today, for
6 whatever reason, are free to do so without assuming responsibility for the utility-
7 related charges. Such an approach would allow the CRES provider to customize
8 the bill however they chose and not be subject to the billing format and content
9 requirements of the Commission.

10

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served this 6th day of June 2012 by the Commission's DIS System as well as electronic mail upon the following:

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/s/ Carrie M. Dunn

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Summary: Testimony (Rebuttal) of Eileen M. Mikkelsen electronically filed by Ms. Carrie M Dunn on behalf of The Cleveland Electric Illuminating Company and Ohio Edison Company and The Toledo Edison Company