

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Motion to)
Modify the December 2, 2009 Opinion)
and Order and the September 7, 2011) Case No. 12-2637-GA-EXM
Second Opinion and Order in Case No.)
08-1344-GA-EXM.)

**PREPARED DIRECT TESTIMONY OF
MICHELE CADDELL
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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November 12, 2012

Attorneys for
COLUMBIA GAS OF OHIO, INC.

PREPARED DIRECT TESTIMONY OF MICHELE CADDELL

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

2 A: My name is Michele Caddell and my business address is 200 Civic Center
3 Drive, Columbus, Ohio 43215.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by NiSource Corporate Services Company as Manager of
7 Supplier Services.

8
9 **Q. What are your responsibilities as Manger of Supplier Services?**

10 A. As Manager of Supplier Services, my principal responsibilities include the
11 administration of the Customer CHOICESM programs for four NiSource Inc.
12 gas distribution companies, which include Columbia Gas of Kentucky, Inc.,
13 Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc. and
14 Columbia Gas of Virginia, Inc. I am also responsible for managing the
15 reconciliation and payment of pipeline and supplier invoices, and the
16 generation of invoices related to the off system sales programs for the
17 previously stated companies plus two additional NiSource Inc. gas
18 distribution companies, Columbia Gas of Maryland, Inc. and Columbia Gas
19 of Massachusetts.

20
21 **Q. What is your educational background?**

22 A. I graduated from Franklin University in 2003 with a Bachelor of Science
23 degree in Finance.

24
25 **Q. Please briefly describe your professional experience.**

26 A. I have been employed in the regulated natural gas industry for eighteen
27 years. Beginning in 1994, I was employed by Columbia Gas of Ohio, Inc.
28 ("Columbia") as a Customer Service Representative. From 1999 until 2002,
29 I held various positions within the Columbia Gas distribution companies
30 and NiSource Inc.: Accounting as an Accounts Receivable/Cash General-
31 ist, State Staff as a Customer Relations Specialist, and New Business as an
32 Inside Sales Representative. In 2003, I accepted a position in Gas Transpor-
33 tation Services as a Gas Transportation Analyst II. In this role, I provided
34 support to large commercial and industrial transportation customers and
35 suppliers participating in Gas Transportation and Customer CHOICESM
36 programs for Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland,
37 Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc. and
38 Columbia Gas of Virginia, Inc. In 2007, I was promoted to Manager of

1 Choice and Nominations overseeing the Customer CHOICESM programs
2 and confirmations of supplier and customer natural gas deliveries at the city
3 gate. In 2010 due to a restructuring, my title changed to Manager of Supplier
4 Services. Under the restructuring, I gained responsibility for the reconcilia-
5 tion and payment of pipeline and supplier invoices, and generating invoices
6 related to the off system sales programs, while relinquishing responsibility
7 for Nominations.

8

9 **Q. Have you ever testified before the Public Utilities Commission of Ohio or**
10 **any other regulatory commission?**

11 A. No, I have not.

12

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

14 A. I am submitting direct testimony on the billing enhancements for
15 Competitive Retail Natural Gas Suppliers as proposed in the Stipulation.

16

17 **Q. Please describe the billing enhancements proposed in this case?**

18 A. Columbia will implement several billing enhancements to its current sys-
19 tem by April 1, 2013. These enhancements shall:

- 20 1. Permit Suppliers the option to bill a fixed bill for the Suppli-
21 ers' charges. Suppliers may submit a rate ready¹ code to Co-
22 lumbia so that Columbia may bill a flat fee to their CHOICE
23 customers covering the Suppliers' gas costs for the month.
24 The estimated programming cost for this enhancement is
25 \$53,680 to \$70,400.
- 26 2. Increase rate ready billing codes to 100 per Supplier. There is
27 no programming cost for this enhancement.
- 28 3. Permit Suppliers to bill a rate based upon monthly NYMEX
29 prices, plus or minus a value. The estimated programming
30 cost for this enhancement is \$28,160 to \$36,960.
- 31 4. Offer Suppliers larger logo size and placement on Colum-
32 bia's bill. For those Suppliers that elect this service, Colum-
33 bia will enlarge and reposition the Supplier's logo to the top
34 margin of the front page of the bill when Columbia is
35 providing a consolidated bill to CHOICE customers. The es-
36 timated programming cost for this enhancement is \$17,600 to
37 \$22,880.

¹ Rate ready refers to the billing method under which the Supplier provides rates to Columbia. Columbia then calculates charges for the Supplier and creates a consolidated billing statement sent to customers.

5. Permit rolling rate change submission. Suppliers shall be able to submit a rate change transaction for an existing CHOICE Customer each processing day; an accepted rate change will be effective with the CHOICE customer's next billing cycle. The estimated programming cost for this enhancement is \$8,800 to \$11,440.
6. Permit contract portability. For those Suppliers who elect this service, Columbia will offer their CHOICE customers who transfer natural gas service within Columbia's service territory the ability to transfer their existing CHOICE contract to their new service address. This service will not be available to Government Aggregation customers. The estimated programming cost for this enhancement is \$96,800 to \$125,840.

Q: Are there additional billing enhancements beyond the April 1, 2013 implementation?

A: Yes, it was necessary to delay implementation of several enhancements due to the short time frame and limited resources required to design, develop, test and implement the remaining enhancements. Columbia has agreed to use its best efforts to implement the following changes by April 1, 2017:

1. Offer rate ready billing and/or bill ready² billing by individual customer. Suppliers will have the option to bill commodity-related charges to CHOICE customers via rate ready, bill ready, or a combination of the two under Columbia's consolidated billing option. The estimated programming cost for this enhancement is \$561,440 to \$731,280.
2. Permit Suppliers to offer customers the opportunity to pre-pay the commodity portion of the bill. A credit amount will be provided by the Supplier and applied to the customer's bill; the credit will be used to offset Supplier charges. The pre-paid amount will be reported monthly to the Supplier and offset with Supplier payments. The actual account balance and supplier monthly charges shall appear on the bill. The estimated programming cost for this enhancement is \$95,040 to \$123,200.

² Bill ready refers to the billing method under which the Supplier provides charges to Columbia that are ready to be placed on the bill. Columbia then creates a consolidated billing statement sent to customers.

3. Allow a new customer to start CHOICE immediately. Suppliers may elect annually to participate in this service. This optional service will allow customers to enroll in the CHOICE Program at the time they request service with Columbia. Such customers must inform Columbia when they want to establish service with their desired CHOICE Supplier. The initial rate for CHOICE customers under this service will be the same as the monthly Standard CHOICE Offer (SCO) rate. If the SCO no longer exists because Columbia has exited the merchant function, the introductory rates will be established by each participating Supplier. The estimated programming cost for this enhancement is \$30,800 to \$39,600.
4. Rolling Enrollment. Columbia will process CHOICE enrollment and drop transactions each processing day. As of the fifteenth day of each month, or the prior business day if the fifteenth falls on a non-business day, Columbia will take a snap-shot of CHOICE enrollment to develop the Demand and Supply Curves and the Capacity Allocation. The estimated programming cost for this enhancement is \$427,680 to \$563,200.

Q: What is the estimated total cost for these billing enhancements?

A: Although Columbia will not know the actual total cost of these proposed bill enhancements until they are implemented, Columbia estimates it will cost between \$1.3 million and \$1.7 million to implement these billing enhancements.

Q: How will the billing enhancement cost be recovered?

A: As in the 08-1344-GA-EXM case, the Stipulation provides that Columbia can seek recovery through the CHOICE/SCO Reconciliation Rider of information technology expenses incurred in development of revisions to current programs and development of new programs.

Q: How do these billing enhancements benefit customers?

A: The enhanced billing products and services provide innovative commodity products, and new flexibility for customer enrollments. Customers will have the option of choosing from a multitude of Supplier commodity products, like as a flat monthly charge contract, a contract that is linked to the monthly NYMEX (New York Mercantile Exchange) rate, plus or minus

1 a monthly value, and an increase in rate ready billing codes, which
2 equates to an expanded number of pricing offers to customers, and pre-
3 pay products. Rolling rate change submission will accelerate rate changes
4 for customers, which will enhance the customers' experience, and reduce
5 the number of customer inquiries related to the amount of time it takes for
6 a Supplier's rate change to appear on the customer bill. Contract portabil-
7 ity will improve customer experience; CHOICE customers who transfer
8 service within Columbia's service territory may choose to port their exist-
9 ing CHOICE contract to their new service address which means the cus-
10 tomer does not have to contact his Choice Supplier to be re-enrolled in
11 CHOICE at his new service address. The enhancements also provide for
12 Supplier Logo placement on the first page of the bill improving customer
13 awareness.

14
15 **Q: Were these billing enhancements solely the result of the exit the mer-**
16 **chant function discussions?**

17 A: No. Columbia has been previously approached by several Suppliers on
18 numerous occasions requesting more flexibility within the current billing
19 system. Columbia and the Suppliers are desirous to move ahead with the-
20 se enhancements regardless of whether or not there is an exit from the
21 merchant function.

22
23 **Q: Why are these billing enhancements necessary or reasonable?**

24 A: As described above, these enhancements are a benefit to the customer ex-
25 perience. As part of the Stipulation, Columbia agreed to and is willing to
26 enhance its billing system to provide additional services of benefit to both
27 Suppliers and Customers. The enhanced billing options further the state
28 policy (See Rev. Code § 4929.02(A)(2)) of providing consumers with "the
29 price, terms, conditions, and quality options they elect" and "encourage
30 innovation and market access for cost-effective supply- *** side natural gas
31 services and goods."

32
33 **Q: Does this complete your Prepared Direct Testimony?**

34 A: Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of Michele Caddell was served upon all parties of record by electronic mail this 12th day of November, 2012.

/s/ Stephen B. Seiple _____

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Summary: Testimony of Michele Caddell electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.