

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

**In the Matter of the Application of Ohio)
Power Company for Authority to Establish)
a Standard Service Offer Pursuant to R.C.) Case No. 13-2385-EL-SSO
4928.143, in the Form of an Electric)
Security Plan.)**

**In the Matter of the Application of Ohio)
Power Company for Approval of Certain) Case No. 13-2386-EL-AAM
Accounting Authority.)**

**DIRECT TESTIMONY OF DWAYNE R. PICKETT
ON BEHALF OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

May 6, 2014

1 **Q1. Please state your name and business address.**

2 **A1.** My name is Dwayne R. Pickett. My business address is 300 West Wilson Bridge Road,
3 Worthington, OH 43085.

4 **Q2. By whom are you employed and in what capacity?**

5 **A2.** I am employed by Integrys Energy Services Inc. as a Government and Regulatory Affairs
6 Representative.

7 **Q3. How long have you been employed in your current position?**

8 **A3.** I have been in my present position for one year. Prior to that, I worked in the Office of
9 Public Affairs and the Office of Chief of Staff at the Public Utilities Commission of Ohio
10 ("PUCO" or "Commission") for three years.

11 **Q4. Please explain the job responsibilities and duties in your current position.**

12 **A4.** I am responsible for government and regulatory affairs in Ohio, Michigan Pennsylvania,
13 New Jersey, New Hampshire and Wisconsin for Integrys Energy Services. Additionally, I
14 am currently the State Electric Chair of the Retail Energy Supply Association ("RESA") in
15 Ohio, the Vice Gas Chair of RESA in Pennsylvania, the State Gas Chair of RESA in New
16 Jersey and the Secretary of the Ohio Gas Suppliers Association.

17 **Q5. Please describe your educational background and relevant work experience.**

18 **A5.** I earned a Bachelor's of Science in the field of Political Science from the Ohio State
19 University. In my three years at the PUCO, I worked on a plethora of complex issues

1 relating to competitive markets, including the second electric security plan (“ESP”) of Ohio
2 Power Company (“Ohio Power”) and the most recently approved ESP of Duke Energy Ohio,
3 Inc. In my capacity as State Electric Chair for RESA in Ohio, I coordinated RESA’s efforts
4 in the PUCO’s investigation into retail markets, Case No. 12-3151-EL-COI.

5 **Q6. Please describe RESA.**

6 **A6.** RESA is a broad and diverse group of retail energy suppliers who share the common vision
7 that competitive energy retail markets deliver a more efficient, customer-oriented outcome
8 than regulated utility structure. Several RESA members are certificated as Competitive
9 Retail Electric Service (“CRES”) providers and are active in the Ohio retail market. The
10 testimony that I am presenting represents the position of RESA as an organization, but may
11 not represent the views of any particular RESA member. RESA’s members include: AEP
12 Energy, Inc.; Champion Energy Services, LLC; ConEdison *Solutions*; Constellation
13 NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.;
14 Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply,
15 Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint
16 Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG
17 Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd.
18 and TriEagle Energy, L.P.

19 **Q7. Have you ever testified before a regulatory agency?**

1 **A7.** No, I have not testified before a regulatory agency before. However, I was asked by the
2 Commission to participate in the Retail Electric Market Investigation (Case No. 12-3151-
3 EL-COI) in a panel discussion before the Commissioners, which I did in December 2013.

4 **Q8. What is the purpose of your testimony?**

5 **A8.** On behalf of RESA, I would like to propose that a special program entitled “Market Energy
6 Program” (“MEP”) be implemented in Ohio Power’s territory during the term of its ESP III.

7 **Q9. Can you describe the MEP?**

8 **A9.** MEP is a program designed to introduce new and eligible, existing customers to a specific
9 competitive generation product. The new and eligible customers will be those residential
10 and small commercial customers (customers with maximum demands less than 10
11 kilowatts, as described in Ohio Power’s tariffs, Sheets 220-1D, 320-1D, 220-1, and 320-1)
12 who are not currently receiving service from a CRES provider in Ohio Power’s service
13 territory and who call Ohio Power’s call center for any reason other than termination or
14 emergencies. The competitive product will be a three percent discount to the applicable
15 Price-to-Compare (“PTC”) at the time of enrollment for a 6-month period.

16 **Q10. Please tell us more about how the MEP works.**

17 **A10.** The details of this program are:

- 18 • If the customer expresses interest in the offered product and desires a specific
19 supplier, Ohio Power will process an enrollment on the MEP rate for that supplier. If
20 the customer expresses interest in the offered product and has no desired CRES

supplier, a CRES supplier from the list of participating CRES suppliers will be assigned sequentially to serve that customer pursuant to the terms of the program.

- New customers who call Ohio Power and choose to participate in the MEP will be enrolled with a CRES supplier immediately.
- Moving, existing customers who call Ohio Power and choose to participate in the MEP will be switched after 1 month on the default service.
- Ohio Power will be required to create a process or system that can sequentially assign a participating MEP supplier in a non-biased manner. Ohio Power will process enrollments via a standardized input built for the MEP, and process the enrollment as it would any other enrollment. AEP should be required to work with participating CRES providers to develop the details so that the billing information is exchanged for both rate-ready and bill-ready billing formats.
- At any time during the six-month term the customer can elect to go with another CRES provider, choose a different product with the same supplier or take the standard service offer without a termination fee. If at the expiration of the six month term the customer has not chosen a product, the MEP provider would be required to send renewal notices in a manner consistent with applicable Commission Rules.
- Customers can leave the program to take another competitive product or return to default service without a termination fee during the program, or while on a renewal product with a MEP provider, stemming from MEP service.

Q11. What are the benefits of the MEP?

A11. The benefits of the MEP include: (a) promotion of competition and supplier diversity, and (b) more education of customers about competition and the new role AEP plays with competitive suppliers.

Q12. What are the requirements for CRES suppliers to participate in the MEP?

A12. CRES suppliers will be eligible if they meet the following five (5) requirements:

1. The supplier must be certificated by the Commission and be in good standing.

2. The supplier must be registered to serve residential and small commercial customers in one or both zones (Columbus Southern or Ohio Power) of the Ohio Power service territory.
3. The supplier must be in full compliance with Ohio Power's financial security requirements.
4. The supplier must complete all Electronic Data Interchange ("EDI") testing with Ohio Power.
5. The supplier must apply, complete the MEP participation form, and submit the MEP form to both the Commission and Ohio Power.

Q13. Can CRES providers come and go from the MEP?

A13. Yes. CRES providers can enter and exit the program on a quarterly basis. However, CRES providers must provide Ohio Power notice of participation seven (7) business days before the start of each quarter in which they want to participate and notify Ohio Power (7) business days before the end of the current quarter that they do not plan on participating in the subsequent quarter. If a CRES supplier chooses to leave the MEP for an upcoming quarter but still has customers on the MEP product, the CRES supplier must serve the customers remaining on the MEP in a manner consistent with program requirements and Commission Rules.

Q14. How do you propose that the cost of MEP be handled?

A14. Cost recovery is proposed to occur as follows: Ohio Power, after consultation with the CRES suppliers who express interest in participating in the MEP program, shall submit a MEP start-up and maintenance plan with estimated costs to the Commission for review and

1 approval. The Commission will establish a per-enrolled customer charge at a level that will
2 recoup the MEP estimated start-up costs amortized over a 3-year period, as well as ongoing
3 program maintenance costs. If the per-enrolled customer charge exceeds \$25.00, the
4 Commission can extend the amortization period. Participating CRES providers will incur
5 the approved charge for every customer that enrolls through the MEP and will be invoiced
6 on a monthly basis. Ohio Power can petition the Commission to adjust the per-enrolled
7 customer charge on a prospective basis once during the first 6 months after the program is
8 established and, then, on an annual basis thereafter up to the \$25.00 cap.

9 **Q15. Are there stated goals for the MEP?**

10 **A15.** Yes. The MEP is designed to do the following;

- 11 • Provide customers who have not otherwise participated in the competitive electric
12 market, access to a competitive product that has been approved and sanctioned by
13 the PUCO.
14
- 15 • Offer an introduction to competitive products at a guaranteed discount to the default
16 service price.
17
- 18 • Promote competition and supplier diversity.
19
- 20 • Educate customers about competition and the new role AEP plays with their trusted
21 suppliers.
22

23 **Q16. Should Ohio Power and the Commission evaluate the use and effectiveness of the MEP**
24 **towards accomplishing the stated goals?**
25

26 **A16.** Yes, Ohio Power should submit confidential reports to the Commission on a quarterly basis,
27 detailing CRES provider and customer participation levels. Also, the Commission should

1 host an annual stakeholder process to review the program, assess its effectiveness against the
2 stated goals, and promulgate any necessary changes to the program on a prospective basis.

3 **Q17. Is there any other such program in place in other competitive retail electric markets?**

4
5 **A17.** Yes, this type of program has been launched or is being developed by each utility in
6 Pennsylvania as a result of an Order by the Pennsylvania Public Utility Commission in their
7 investigation into Pennsylvania's retail electricity market. As part of their recently file
8 Default Service Plan (Pennsylvania PUCO Docket number P-2014-2417907), the PPL
9 utilities are proposing to extend their previously approved customer referral program, citing
10 the success of the program. In PPL, if an eligible customer calls and is interested in the
11 program, a third-party call center processes the calls. As of April 2014, 66,100 calls were
12 fielded by the third party. Of those calls 56,600 customers, or 86% of the callers, have
13 selected the competitive service under the PPL referral program, the majority of which are
14 new or moving customers.

15 **Q18. Does this conclude your testimony?**

16 **A18.** Yes, but I respectfully reserve the right to present any additional testimony if necessary.

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing document has been served upon the persons below via electronic mail this 6th day of May 2014.



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Summary: Testimony Direct Testimony of Dwayne R. Pickett electronically filed by M HOWARD PETRICOFF on behalf of Retail Energy Supply Association