

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio, Inc. for Authority</b>	)	
<b>to Establish a Standard Service Offer</b>	)	<b>Case No. 14-841-EL-SSO</b>
<b>Pursuant to R.C. 4928.143, in the Form</b>	)	
<b>of an Electric Security Plan.</b>	)	

<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio Inc. for Authority to</b>	)	<b>Case No. 14-842-EL-ATA</b>
<b>Amend its Certified Supplier Tariff,</b>	)	
<b>P.U.C.O. No. 20.</b>		

**DIRECT PREPARED TESTIMONY OF TERESA L. RINGENBACH**

**ON BEHALF OF DIRECT ENERGY SERVICES, LLC,**

**DIRECT ENERGY BUSINESS, LLC**

**AND**

**THE RETAIL ENERGY SUPPLY ASSOCIATION**

**September 26, 2014**

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1   **QUALIFICATION OF THE WITNESS**

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

3   **A1.**   My name is Teresa Ringenbach. My business address is 21 East State Street, 19<sup>th</sup> Floor  
4           Columbus, Ohio.

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

7   **A2.**   I am the Senior Manager of Government and Regulatory Affairs for the Midwest for  
8           Direct Energy, LLC (“Direct Energy”).

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

11   **A3.**   I have been employed in my current position with Direct Energy since 2009.

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

14   **A4.**   I am the key market lead for Ohio and responsible for directing the monitoring, advocacy,  
15           regulatory, and legislative activities which affect Direct Energy’s ability to serve  
16           customers in Ohio, Illinois, and Michigan. My responsibilities cover electric, natural gas,  
17           and home services issues for all levels of customers from residential to large industrial.

19   **Q5.   Please describe your educational background and relevant work experience prior to**  
20           **joining Direct Energy.**

21   **A5.**   I hold a Bachelor of Business Administration with a concentration in International  
22           Business from the University of Toledo. I started in the energy industry in 2001 with  
23           Integrus Energy Services, Inc., formerly WPS Energy Services, Inc., as a Customer

1 Service and Marketing Specialist promoting and managing the recently opened Ohio  
2 residential and small commercial electric offers. In 2002, I accepted the position of  
3 Account Manager – Inside Sales where I sold and managed the Government Aggregation  
4 Programs for both gas and electric. In 2005, I accepted the position of Regulatory  
5 Specialist. In this position, I was responsible for regulatory compliance and state  
6 registrations throughout the United States and Canada. In 2006, I accepted the position  
7 of Regulatory Affairs Analyst – East covering New England, New York, New Jersey,  
8 Ohio and Pennsylvania gas and electric issues. In the spring of 2008, I accepted the  
9 Regulatory Affairs Analyst position for the Midwest region covering Ohio, Michigan,  
10 Illinois, Indiana, Kentucky, and all of Canada. In this position, I directed the regulatory  
11 and legislative efforts affecting Integrys Energy’s gas and electric business. In August  
12 2009, I joined Direct Energy as the Manager of Government and Regulatory Affairs for  
13 the Midwest. In June 2011, I was promoted to Senior Manager of Government and  
14 Regulatory Affairs for the Midwest covering Ohio, Illinois, Kentucky, Pennsylvania and  
15 Michigan. As of December 2013, my position changed to key market lead for Ohio and  
16 lead for Illinois and Michigan. As stated above, this position advocates, protects and  
17 monitors regulatory and legislative activities affecting the gas, electric and home services  
18 business interests of Direct.

19  
20 **Q6. Please describe the Retail Energy Supply Association.**

21 **A6.** RESA is a broad and diverse group of retail energy suppliers who share the common  
22 vision that competitive retail energy markets deliver a more efficient, customer-oriented  
23 outcome than a regulated utility structure. Several RESA members are certificated as

1 competitive retail electric service (“CRES”) providers and active in the Ohio retail  
2 electric market. Specifically, some RESA members currently provide CRES to both  
3 residential and commercial retail customers in the Duke Energy Ohio (“Duke”) service  
4 area.

5 The testimony that I am presenting represents the position of RESA as an  
6 organization, but may not represent the views of any particular RESA member. RESA’s  
7 members include: AEP Energy, Inc.; Champion Energy Services, LLC; Consolidated  
8 Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy Services, LLC;  
9 GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys  
10 Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty  
11 Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy  
12 Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus;  
13 Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P.

14  
15 **Q7. Have you ever testified before a regulatory agency?**

16 **A7.** Yes. I have testified before the Connecticut Department of Public Utility Control, the  
17 Pennsylvania Public Utility Commission, the Public Utilities Commission of Ohio, the  
18 Illinois Commerce Commission and the Public Service Commission of Kentucky.

19  
20 **Q8. What is the purpose of your testimony?**

21 **A8.** The purpose of my testimony is to address some of the billing and rate design changes  
22 which Duke is proposing in the Application and offer amendments to bring those changes

1 in line with state energy policy. On the subject of billing, RESA and Direct Energy have  
2 three concerns:

- 3 1. Duke is proposing to require any use of utility consolidated billing (“UCB”) to  
4 use purchase of receivables (“POR”).
- 5 2. Duke is proposing a change to its tariff which will only allow rate-ready and  
6 bill-ready UCB to include “commodity only” charges with no clear definition  
7 or description of “commodity only.”
- 8 3. Duke does not allow CRES providers to place non-commodity products and  
9 services on UCB despite the capability to handle this for its own affiliates and  
10 products.

11 Such changes are unwarranted and prevent customers from enjoying the convenience of  
12 having all of their utility and CRES-related expenses on a single invoice. The requested  
13 tariff change is also discriminatory if Duke is using its utility bill for non-commodity  
14 services. In addition to billing changes, on the subject of rate design, Duke is proposing  
15 to amend its current standard service offer to remove the demand component and  
16 compressing the SSO charge into a single kWh fee.

17 RESA does not oppose Duke amending its demand charge if in fact it does not  
18 accurately reflect the cost of capacity for the various classes of service, but it does object  
19 to providing standard service customers less granularity in their charges. Capacity is a  
20 real expense; it is based on demand and it should be – as it is now – broken out in the rate  
21 calculations. Duke has installed 700,000 smart meters, the promise of which is providing  
22 customers with the information to control their peak demands. Obscuring the cost of

1 demand at this time seems at odds with the conservation goals embodied in the state  
2 energy policy and recently announced federal energy policy for carbon reduction.  
3

#### 4 **CUSTOMER BILLING / PURCHASE OF RECEIVABLES**

5 **Q9. What is your understanding of CRES providers' current options as it relates to**  
6 **UCB and Duke's capabilities?**

7 **A9.** My understanding is that currently Duke offers UCB to all CRES providers using either a  
8 rate-ready or bill-ready format. Duke also provides a POR program which a CRES  
9 provider can select. If a CRES provider uses UCB, it may elect to participate in Duke's  
10 POR program; however, it is not required to use POR with UCB. Duke's rate-ready  
11 billing system provides a single line item for CRES provider electric commodity charges.  
12 The more sophisticated bill-ready billing option is capable of providing separate  
13 component CRES billing lines, and under the existing tariff, is not restricted to electric  
14 "commodity" charges but rather to "Certified Supplier charges". Thus, under bill-ready,  
15 a CRES provider could list electric commodity charges separate and apart from non-  
16 commodity charges such as conservation equipment or demand response credits or offer  
17 flat monthly amounts not strictly tied to the amount of electricity a customer consumes  
18 (also known as flat bill). In fact, the Duke IT system can actually put up to 10 separate  
19 charges on its bill for a CRES provider with 10 descriptor lines on the customer's  
20 invoice.  
21  
22

1 **Q10. What is your understanding of what Duke's Witness Jones is proposing?**

2 **A10.** At pages 7-8 of his testimony, Witness Jones proposes to require all CRES providers who  
3 use UCB to also participate in POR. Witness Jones further proposes an amendment to its  
4 supplier tariff to add a provision limiting POR and bill-ready billing to "commodity only"  
5 charges. Witness Jones provides no clear definition of "commodity only" nor an  
6 explanation of why Duke is calling for a ban on "non-commodity" CRES charges on the  
7 UCB. RESA assumes that by "commodity only" Duke is seeking to limit CRES to just  
8 competitive retail electric generation service, a term that is defined by statute and rule but  
9 that is only an assumption leaving the tariff open to future interpretation if no  
10 clarification is made.

11  
12 **Q11. What does Duke's current Accounts Receivable Purchase Agreement ("PAR**  
13 **Agreement") require regarding commodity?**

14 **A11.** The current agreement states the following for rate-ready receivables purchases:

15  
16 The bill shall include charges for service supplied by DE-Ohio and the  
17 electric commodity provided by Supplier, and billed under a rate-ready  
18 billing method.

19  
20 And for bill-ready receivables purchases, the PAR agreement only refers to Suppliers  
21 Charges. However, the PAR Agreement also defines the receivable face amount as a  
22 competitive retail electric service:

23  
24 1.1.12. Face Amount. Face Amount means: (a) for a Billed Receivable, the  
25 unpaid balance thereof duly owed to CRES Provider by a Customer



1 (excluding any portion of the unpaid balance relating to charges which are  
2 not Outstanding Accepted Receivables or which are Excluded  
3 Receivables); and (b) for a Budget Account Receivable, the contractual  
4 amount due and owing for the sale and delivery by CRES Provider to  
5 Customer of Competitive Retail Electric Services in the ordinary course of  
6 business; in any such case determined on the Purchase Date on which such  
7 Outstanding Accepted Receivable is purchased by Company hereunder  
8 (excluding any amount due relating to charges which are not Outstanding  
9 Accepted Receivables or which are Excluded Receivables).

10  
11 Today, regardless of whether a supplier has used the bill-ready billing functionality,  
12 which allows a supplier to place other charges beyond only the commodity on a  
13 customer's bill, it exists as an option. The roll-out of smart meters is expected to lead to  
14 new and different product options for customers beyond a standard per-kWh option  
15 necessitating this bill-ready functionality. Thus, Duke's petition to limit the products and  
16 services available for UCB comes at a time that when it is likely to be the most useful for  
17 the consumer.  
18

19 **Q12. Do Direct Energy and RESA oppose these proposals from Duke?**

20 **A12.** Yes, Duke's billing system is designed to charge for utility service, CRES or utility  
21 generation charges and other non-commodity services. Duke's proposal to use the  
22 undefined term of "commodity only" and therefore place new limits on bill-ready options  
23 will only dampen the competitive options for customers wishing to receive a single bill.  
24  
25

1   **Q13. Does Duke currently offer non-commodity products on its bills?**

2   **A13.** From offers on the Duke website, confirmed by discovery responses (RESA INT 02-001  
3       Supplemental), it is clear that Duke is billing and collecting non-commodity services.  
4       Duke has also indicated that it is undecided as to whether it will allow CRES providers  
5       the same billing opportunity. (See RESA INT 02-011 Supplemental, both of which are  
6       attached as Appendix A to this testimony.)  
7

8   **Q14. What is RESA's position regarding non-commodity products on UCB?**

9  
10   **A14.** It is a competitive disadvantage and if Duke is using the UCB as platform for billing  
11       more than utility and commodity service, then CRES providers should also be able to bill  
12       for similar non-commodity-related services on the UCB. In other words, customers of  
13       CRES providers who would like to bundle non-commodity-related services should be  
14       able to shop for those services and if they wish have it billed on the consolidated utility  
15       service bill. By requiring CRES providers who use UCB to also use POR, and then limit  
16       POR to the undefined "commodity only", Duke is ultimately banning CRES providers  
17       from using the consolidated bill for additional products with which Duke or affiliates  
18       already uses to compete.

19               RESA and Direct Energy do not object to a limit on POR being used for just  
20       CRES service as the tariff and PAR agreement provide for today, the concern is limiting  
21       the offering and UCB billing for non-commodity services.

22               The combination of requiring CRES providers who use UCB to also participate in  
23       a narrowed POR program will shut CRES providers out of the market to sell other  
24       products and services to customers with the convenience of the utility bill. Any supplier  
25       using UCB will be forced into the POR program and its narrow scope of allowable

1 charges would not include non-commodity charges. Just as customers want one bill for  
2 commodity service, the same applies for other products and services.

3 The Commission should be encouraging CRES providers to be innovative in the  
4 marketplace with new products and services related to customer energy use. This is most  
5 especially true in Duke, which is the only Ohio utility with nearly full smart meter roll-  
6 out. For example, some CRES providers offer smart thermostats or other devices that can  
7 help customers manage their energy usage either behind the meter or once available by  
8 tying into the smart meter data. These behavioral changes may help the customer save  
9 money, reduce peak usage, or otherwise manage their energy usage more wisely. Taking  
10 away the ease of the utility bill is harmful to putting these useful and innovative tools into  
11 customers' hands. There is no compelling reason for the Commission to put up this road  
12 block for customers to utilize their smart meters to their full benefit.

13  
14 **Q15. Is the timing of Duke's request to ban anything other than commodity only charges**  
15 **on the UCB an issue?**

16 **A15.** Yes. Duke, to its credit, is the first Ohio electric utility with full smart meter roll-out to  
17 its residential and commercial customers. Pursuant to the May 28, 2014 Entry on  
18 Rehearing in the 12-2050-EL-ORD docket, Duke (like all the other investor-owned  
19 electric utilities) is required to file a tariff in November of this year to iron out the details  
20 of sharing data from smart meters with CRES providers to help unlock the full potential  
21 of those meters. Limiting CRES providers in the manner described by Witness Jones,  
22 with scant evidence of benefit to Duke or its customers, is unwise in this context.  
23 Adopting Witness Jones' proposal will handcuff CRES providers and customers who

1 prefer UCB as it relates to full utilization of the capabilities of customers' new smart  
2 meters paid for by customers. Adopting Duke's proposal would artificially and  
3 prematurely limit innovation that customers are likely to adopt without offsetting benefits  
4 that outweigh the lost opportunities if Duke's proposal is adopted.  
5

6 **Q16. Are there additional timing considerations the Commission should consider?**

7 **A16.** Yes. The Federal Environmental Protection Agency ("EPA") has proposed new rules to  
8 limit the amount of carbon dioxide emitted from stationary sources such as power plants.  
9 The proposed rules provide flexibility for each state as to how they will lower the amount  
10 of CO2 emitted from stationary sources in their state and what mechanisms or programs  
11 will count towards the CO2 reduction mandates. The other products and services CRES  
12 providers may bring to customers might be incorporated into state plans as a piece of the  
13 puzzle to meet the CO2 emission reduction mandates by helping customers reduce  
14 demand, potentially purchase carbon offsets or purchase renewable credits. The  
15 Commission should not artificially take this option off the table for compliance with the  
16 aggressive CO2 mandates. Getting CRES providers into the market with any sort of  
17 material penetration for these types of products and services takes time and therefore a  
18 future change of this artificial restriction at a time when these products and services may  
19 be a part of the solution to the EPA guidelines for Ohio's CO2 reduction goals is not  
20 practical. While we do not know the current plan and the deadline has been extended, if  
21 these products are eventually incorporated to then re-open a case for billing options that  
22 already exist today seems unnecessary and a waste of time and resources. The

1 Commission should reject Duke's proposal if for no other reason than to avoid  
2 reinventing the wheel in the future.

3  
4 **Q17. Are there any other reasons why the Commission should reject Witness Jones'**  
5 **proposal related to UCB and POR?**

6 **A17.** Yes. Duke's proposal is also suspect as it relates to its corporate separation plan. The  
7 Commission, over CRES provider objections (including Direct Energy), approved a  
8 modification to permit Duke (the utility) to offer non-commodity products and services to  
9 customers. *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its*  
10 *Fourth Amended Corporate Separation Plan under R.C. 4928.17 and Ohio Adm.Code*  
11 *4901:1-37, Case No. 14-689-EL-UNC, Finding and Order (June 11, 2014).* The  
12 Commission noted that all costs must be collected from customers choosing Duke for  
13 such products and services and that Duke cannot provide a preference to its products and  
14 services. Finding and Order at 6 and Entry on Rehearing at 5, 7. To date, Duke has  
15 refused to provide any assurances that it will provide equal bill access for CRES  
16 providers wanting to put non-commodity products and services on the Duke bill as well.  
17 (See, RESA INT-02-011(b) Supplemental) In combination with the proposed changes to  
18 UCB and POR, Duke's refusal to put CRES provider non-commodity charges on its bill  
19 amounts to discrimination against CRES providers offerings of non-commodity products  
20 and services that puts CRES providers at a market disadvantage.

21 If Duke is capable of placing charges on a bill that are excluded from POR for an  
22 affiliate on one hand and on the other then forcing competitors onto POR which would

1 result in the disallowance of similar non-commodity products and services on the same  
2 bill, that is discriminatory.  
3

4 **Q18. Do you have a solution to the problems described above?**

5 **A18.** Yes. The Commission should require Duke to allow CRES providers to use bill-ready  
6 UCB without mandatory POR, just as CRES providers do today. The Commission  
7 should also require Duke to allow CRES providers to put non-commodity products and  
8 services on their utility bills. Non-commodity products and services would be the last  
9 items paid after the current payment priority adopted by the Commission in its rules.

10 Should the Commission grant Duke's request to amend its tariff, rather than using  
11 the undefined term "commodity only" the restriction should be "competitive retail  
12 electric service" as defined in statute or electric generation service as used in rule 4901:1-  
13 10-33. Finally, should the Commission approve Duke's request to limit POR to  
14 commodity service, it should direct Duke to reprogram its billing system to accommodate  
15 a CRES provider participating in the POR program for commodity-related charges and to  
16 exclude non-commodity charges placed on the bill from the POR program. This would  
17 allow a supplier to continue to expand service offerings to customers but not expand  
18 Duke's POR beyond generation service.  
19

20 **Q19. Do you have any other ideas as to how the Commission could solve problems**  
21 **associated with utility consolidated billing and POR?**

22 **A19.** Yes. Duke could also avoid issues with UCB and POR through supplier consolidated  
23 billing ("SCB"). There are already rules for SCB (Rule 4901:1-21-18, Ohio

Administrative Code), but my understanding is that Duke's information technology system is not programmed to allow for it. SCB would allow a supplier to develop products without the limits of space and commodity on the utility bill while offering the customer a single bill option. For example, a CRES provider could provide bundled gas and electric products on a single bill. In addition, a CRES provider could place service-related items, such as furnace and air conditioner tuneups, smart thermostats, and water heater discounts to assist customers with efficiency. As discussed above, the retail electric marketplace is moving towards the bundling of services and more innovative products from smart meters. SCB is yet another means by which the Commission could encourage innovation in the marketplace to benefit customers without the need for ongoing billing changes from Duke to accommodate these products (after the SCB programming is complete).

**Q20. Can't a CRES provider already bill for its own electric commodity service as well as the home service-related items through dual billing, even to residential customers?**

**A20.** Yes. However, as discussed above, two separate bills one for commodity service and another for transmission and distribution service eliminates the convenience of one bill for all energy products that Duke customers who have a dual fuel utility are accustomed to. If a customer prefers a single bill but can only receive a product if they accept dual billing, they may choose not to switch creating a competitive disadvantage for products that can only be dual billed. Customers prefer a single bill for their electric service and SCB provides this same convenience to customers with additional functionality that customers will prefer.

1  
2 **Q21. How would you propose to handle collections or disconnection for non-payment**  
3 **under SCB?**

4 **A21.** This could be handled multiple ways. First, it is important to note that the payment  
5 priority under the SCB rules remains the same whether it is a utility consolidated bill or a  
6 supplier consolidated bill. A CRES provider could provide a utility with payment  
7 information in a similar manner and format as the utility provides to a CRES provider  
8 today. Or a CRES provider could purchase the receivable of the utility. In that case, the  
9 utility would be paid regardless of customer payment to the CRES provider.  
10

11 **Q22. How would disconnection work under SCB?**

12 **A22.** The most effective tool in collection is the ability to disconnect after all other payment  
13 and assistance options have been offered. Under SCB, the CRES provider would share  
14 with the utility collection information and create requirements to allow the current  
15 disconnection process including all of the existing safeguards to continue. If there is  
16 supplier purchase of the utility receivable, then supplier and utility could agree on terms  
17 necessary for disconnection, including what information the utility would need and when  
18 to ensure current disconnection protections are followed.  
19

20 **Q23. How should Duke implement the necessary processes for implementation of SCB?**

21 **A23.** The Commission should require Duke to implement a working group within 30 days of  
22 the opinion and order (or similar initial order) in this case approving the ESP. RESA  
23 acknowledges there are important and complex mechanical issues that need to be worked



1 out around SCB. The workshop would invite interested parties to create a structure and  
2 process for SCB. The Commission should order Duke to file a tariff within one year of  
3 the order approving this ESP to provide SCB. That tariff case would address timing,  
4 programming and other costs, and other parameters that need to be put into place for  
5 SCB.

6  
7 **RATE DESIGN**

8 **Q24. Duke witness Ziolkowski proposes changes to the rate design for Rider Retail**  
9 **Capacity (“Rider RC”). Do RESA and Direct Energy support all of Duke’s**  
10 **proposed changes to Rider RC?**

11 **A24.** No. RESA and Direct Energy oppose the proposal to replace Rider RC demand charges  
12 for non-residential customers served under Rates DS, DP, and TS with kilowatt-hour  
13 (“kWh”) based charges. Ziolkowski Direct Testimony at 8. RESA also believes the  
14 proposal to reduce, but not eliminate, the seasonal differences in the Rider RC rates for  
15 residential and small commercial customers is unwise for the same reasons that will be  
16 discussed regarding Rates DS, DP, and TS.

17  
18 **Q25. Before describing why you oppose elimination of Rider RC for Rates DS, DP, and**  
19 **TS, can you explain how a capacity reduction product works in the marketplace to**  
20 **help customers?**

21 **A25.** Yes. Capacity reduction products provide customers with the ability to reduce their peak  
22 load contribution (“PLC”) number. This number is used to determine how much capacity  
23 the load serving entity needs to be purchased to serve the retail customer. This is true

1 whether the customer is a shopping customer or a standard service customer. The only  
2 limitation is on customers who do not have interval meters, for those customers, the  
3 capacity must be estimated.

4 The higher the PLC number the higher capacity costs to serve that customer.  
5 Products to reduce PLC and therefore capacity costs have been used by commercial and  
6 industrial customers for years. PJM currently uses five peak points, typically a one-hour  
7 time period, where demand is highest throughout the months of June – September. These  
8 five coincident peaks or 5 CP are used to determine a customer's capacity obligation for  
9 the following June to May. If a customer reduces their usage during the 5 CP, they in  
10 turn reduce their PLC number and their capacity costs. PJM issues alerts that serve as a  
11 “heads up” when they think a high demand day may be coming. By alerting customers, a  
12 CRES provider can help a customer reduce their load during peak periods. The result is a  
13 savings to the customer the following year and a benefit to the system as a whole by  
14 reducing demands during high use periods.

15  
16 **Q26. Why do you oppose the elimination of Rider RC for Rates DS, DP, and TS?**

17 **A26.** With Duke's widespread deployment of smart meters, data is now going to be available  
18 on an individual customer basis in real time of their demand and hence their capacity  
19 needs. Thus, the billing for capacity should be headed towards more granularity not less.  
20 Duke should be taking steps to have individual PLC for customers rather than rate class-  
21 based PLC. That way, customers would not get class bundled capacity but would have  
22 direct pricing signals on their capacity costs. If a customer is exposed to its individual  
23 capacity costs, they will have both the knowledge and the ability to change that demand

1 cost. If a customer is charged a class-based capacity charge, it makes no difference if  
2 they shave their peaks as they will pay the same amount. In other words, there is no  
3 incentive to reduce their usage during peak times. Duke's proposal sends the wrong price  
4 signals to those customers and skews their price to compare in an artificial way that  
5 provides less of an incentive for them to change their usage. Thus, as a matter of  
6 principle, Duke should be moving towards not only having discrete demand or capacity  
7 charges, but they should be based on the individual customers' consumption pattern.

8  
9 **Q27. Can you explain how Duke's proposal sends improper price signals to customers?**

10 **A27.** Duke claims the rate structure will protect very low-load factor customers from high  
11 Rider RC charges but will continue to provide high-load factor customers with benefits  
12 similar to those under the current structure. Ziolkowski Direct Testimony at 10. RESA  
13 has no objection to adjusting the standard service rates due to load factor, assuming those  
14 changes are cost based. To that end, RESA takes no position on the elimination of Rider  
15 LFA as proposed by Duke. Load factor though does not address peak power reduction,  
16 which is why RESA advocates maintaining a demand or capacity pricing component. The  
17 current demand component (Rider RC) does provide a price signal and thus a financial  
18 incentive to reduce peak usage when Duke makes smart meter data to available to  
19 customers. Customers will be able to control their individual PLCs. In addition, while  
20 CRES suppliers may sometimes "bundle" capacity and energy in their offerings to  
21 commercial customers, CRES suppliers also factor into their offerings the impact of each  
22 customer's individual capacity usage relative to the customer's total usage. Moreover,  
23 CRES providers are moving, increasingly, toward separation of capacity from energy in

1        their offerings as smart meter deployment and energy policy drive rate structures in  
2        which an individual customer PLCs to become the “norm.” As a result, Duke’s  
3        assumption that its proposal more accurately reflects the way that CRES suppliers offer  
4        their services to customers and “makes offers easier to compare” (Ziolkowski at 15) is  
5        not accurate.

6  
7        **Q28. Does this conclude your testimony?**

8        **A28.** Yes. However, I reserve the right to supplement my testimony as needed or as  
9        subsequent information becomes available.

## CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case (those individuals are marked with an asterisk below). In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 26<sup>th</sup> day of September 2014 upon all persons/entities listed below:



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**Duke Energy Ohio**  
**Case No. 14-841-EL-SSO, 14-842-EL-ATA**  
**RESA Second Set Interrogatories**  
**Date Received: September 19, 2014**

**RESA-INT-02-001**  
**SUPPLEMENTAL**

**REQUEST:**

- a. Does Duke currently place charges on its EDU bill for “StrikeStop” surge protection service for those customers that have enrolled in the StrikeStop service?
- b. If the answer to Interrogatory 2-1(a) is affirmative, please indicate whether Duke recovers any uncollectible expense for “StrikeStop” surge protection service through distribution rates or a bad debt tracker?
- c. If the answer to question Interrogatory 2-1(b) is negative, please explain what happens to the charges for the “StrikeStop” surge protection service when a customer fails to make payment in full for those charges and Duke has deemed such charges uncollectible.

**RESPONSE:**

- a. Objection. This Interrogatory is overly broad, unduly burdensome, and seeks to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Furthermore, this Interrogatory addresses issues that have been recently resolved by the Commission in Case No. 14-689-EL-UNC and thus must be viewed as an untimely and improper collateral attack on that decision. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, yes.
- b. Objection. This Interrogatory is overly broad, unduly burdensome, and seeks to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Furthermore, this Interrogatory addresses issues

that have been recently resolved by the Commission in Case No. 14-689-EL-UNC and thus must be viewed as an untimely and improper collateral attack on that decision. Answering further, Duke Energy Ohio states that the costs recovered through its base distribution rates and uncollectible expense riders are a matter of public record and are thus equally accessible to RESA. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, no.

- c. Objection. This Interrogatory is overly broad, unduly burdensome, and seeks to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Furthermore, this Interrogatory addresses issues that have been recently resolved by the Commission in Case No. 14-689-EL-UNC and thus must be viewed as an untimely and improper collateral attack on that decision. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, because the charges for StrikeStop surge protection service are not charges from Duke Energy Ohio, Duke Energy Ohio does not “deem” them to be collectible or uncollectible and does not know what happens to the charges if they are not collected.

**PERSON RESPONSIBLE:** As to objection – Legal  
As to response – William Don Wathen Jr.

**Duke Energy Ohio**  
**Case No. 14-841-EL-SSO, 14-842-EL-ATA**  
**RESA Second Set Interrogatories**  
**Date Received: September 19, 2014**

**RESA-INT-02-011**  
**SUPPLEMENTAL**

**REQUEST:**

- a. Does Duke currently allow CRES providers to bill for Non-Commodity Products and Services on the EDU bill through the bill-ready function?
- b. If the answer to Interrogatory 2-11(a) is negative, would Duke allow CRES providers to bill for Non-Commodity Products and Services through the bill-ready function if such charges were excluded from the purchase of receivables ("POR") program, and Duke would not purchase the receivables for such charges?

**RESPONSE:**

- a. Objection. This Interrogatory is overly broad, unduly burdensome, and seeks to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Furthermore, this Interrogatory addresses issues that have been recently resolved by the Commission in Case No. 14-689-EL-UNC and thus must be viewed as an untimely and improper collateral attack on that decision. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, no.
- b. Objection. This Interrogatory is overly broad, unduly burdensome, and seeks to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Furthermore, this Interrogatory addresses issues that have been recently resolved by the Commission in Case No. 14-689-EL-UNC and thus must be viewed as an untimely and improper collateral attack on that decision. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, Duke Energy Ohio has not determined whether it would allow CRES providers to bill for such products and services in the described circumstances and does not know whether such billing would be feasible within system limitations. In

any event, such a change would have to be approved by the Commission, at least with regard to tariff changes and bill format.

**PERSON RESPONSIBLE:** As to objection – Legal  
As to response – Daniel L. Jones

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**Case No(s). 14-0841-EL-SSO, 14-0842-EL-ATA**

Summary: Testimony Direct Prepared Testimony of Teresa L. Ringenbach electronically filed by M HOWARD PETRICOFF on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC and Retail Energy Supply Association