

**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)	Case No. 14-1297-EL-SSO
Edison Company for Authority to Provide)	
for a Standard Service Offer Pursuant to)	
R.C. 4928.143 in the Form of an Electric)	
Security Plan)	

DIRECT TESTIMONY OF MATTHEW WHITE

On behalf of Interstate Gas Supply, Inc.

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please introduce yourself.**

3 A. My name is Matthew White. I am employed by Interstate Gas Supply, Inc. ("IGS"
4 or "IGS Energy") as Manager, Legal and Regulatory Affairs. My business
5 address is 6100 Emerald Parkway, Dublin, Ohio 43016.

6 **Q. Please describe your educational background and work history.**

7 A. I have a Juris Doctor (J.D.) and Masters in Business Administration (M.B.A.) from
8 the College of William & Mary. I also have a Bachelor of Arts (B.A.) from Ohio
9 University. I started my legal career working at the law firm of Chester, Wilcox &
10 Saxbe as an energy and utilities lawyer. At Chester Wilcox, I participated in
11 numerous regulatory proceedings relating to utility matters including natural gas
12 and electric rate cases and electric power siting cases. I also have worked on
13 power and gas sales transactions. At the beginning of 2011, I was hired into IGS
14 Energy's rotation program where I spent the next 16 months working in various
15 different departments throughout the company learning IGS' entire business,
16 including the gas supply and risk departments. In 2012, I began full-time as an
17 attorney in IGS' regulatory affairs department. In 2014, I was promoted to
18 Manager, Legal and Regulatory Affairs at IGS. In my current position, I manage
19 the legal activities for IGS Energy at utilities commissions and other regulatory
20 bodies throughout the United States. My team is responsible for electric and
21 natural gas litigation for IGS Energy, including electric and natural gas rate cases
22 and other proceedings that relate to energy.

1 **Q. Have you submitted testimony at any regulatory bodies before?**

2 A. Yes. I have submitted written testimony in the following cases: Public Utilities
3 Commission of Ohio Case Nos. 12-1685-GA-AIR, 13-2385-EL-SSO, 12-426-EL-
4 SSO, and 14-841-EL-SSO; Michigan Public Service Commission Case Nos. U-
5 17131 and No. U- 17332; Kentucky Public Service Commission Case No. 2013-
6 00167; Illinois Commerce Commission Case No. 14-0312.

7 **Q. What is the nature of IGS' business?**

8 A. IGS Energy is headquartered in Dublin, Ohio and has over 25 years' experience
9 serving customers in Ohio's competitive markets. IGS Energy serves over 1
10 million customers nationwide and sells natural gas and electricity to customers in
11 11 states and in over 40 utility service territories. In Ohio, IGS currently serves
12 electric customers in the AEP Ohio, Duke Energy Ohio, FirstEnergy and the
13 Dayton Power & Light service territories. The IGS family of companies (which
14 include IGS Generation, IGS Home Services, and IGS CNG Services) also
15 provides customer focused energy solutions that compliment IGS Energy's core
16 commodity business including distributed generation, demand response, CNG
17 refueling, and utility line protection.

18 **Q. What is the purpose of your testimony?**

19 A. In my testimony, I make recommended modifications to FirstEnergy's ESP
20 application that should be made in order to ensure that the policies of the State of
21 Ohio to promote retail electric competition are fully effectuated. Specifically in my
22 testimony:

- 1 • I conclude that retail electric competition is not robust in the FirstEnergy service
2 territory, particularly for the residential customer class. The vast majority of
3 migration in the FirstEnergy service territory is a result of municipal aggregation.
4 A large portion of that aggregation is served by FirstEnergy Solutions (“FES”), an
5 affiliate of FirstEnergy. This is especially problematic given FES’ recent shift
6 away from competitive markets and competitive policies.
- 7 • To ensure that the competitive retail electric markets continue to move forward in
8 the FirstEnergy service territory, the Commission should modify FirstEnergy’s
9 proposed ESP to include additional measures that will promote retail electric
10 competition. Specifically, the Commission should:
 - 11 ○ Modify FirstEnergy’s proposed standard service offer (“SSO”) to ensure
12 that it truly is a “comparable and unbundled” retail electric product in the
13 market as required by Ohio law.
 - 14 ○ Deny FirstEnergy’s anti-competitive proposal to only allow competitive
15 retail electric service (“CRES”) providers to use the bill ready function to
16 bill for only generation charges; rather the Commission should affirm that
17 CRES providers are able to use the bill-ready function to bill for a more
18 diverse range of products as explained in my testimony. These measures
19 are particularly important because FirstEnergy is currently allowing select
20 third-party companies bill for non-commodity charges on the EDU bill
21 while excluding all others.

- The Commission should direct FirstEnergy to begin taking steps necessary to implement supplier consolidated billing as described in my testimony.
- The Commission should reject the RRS and investigate FirstEnergy's past dealings with FES because it appears that FirstEnergy's corporate separation plan is not working.

II. RETAIL COMPETITION

Q. Does FirstEnergy's ESP Application Promote Retail Electric Competition?

A. No. FirstEnergy represents that its ESP proposal will enhance retail electric competition. However, FirstEnergy has proposed the deceptively named retail rate stability rider (the "RRS") which, if approved, would effectively re-regulate a large amount of FirstEnergy's legacy generation assets. As further explained in the testimony of IGS witness Haugen, the RRS would be a step backward for retail electric competition. Further, FirstEnergy has not proposed to eliminate many of the anti-competitive elements of its current ESP. Thus, in the aggregate, the ESP Application as proposed by FirstEnergy is anti-competitive and should not be approved by the Commission.

Q. How would you access the level of retail electric competition in the FirstEnergy service territory?

A. FirstEnergy represents that it has the highest level of residential retail electric shopping in the State. However, the FirstEnergy shopping statistics do not paint the entire picture. Upon information and belief, a vast majority of electric

1 shopping in the FirstEnergy service territory is a result of government
2 aggregation. Further, FES (FirstEnergy's affiliate) is the largest electric supplier
3 of those electric aggregations.

4 IGS has asked FirstEnergy for the exact amount of electric shopping that can be
5 attributed to aggregation in the FirstEnergy service territory, but FirstEnergy has
6 refused to produce that information. I reserve the right to supplement this
7 testimony pending a resolution of an on-going discovery dispute between IGS
8 and FirstEnergy. Based upon publicly available data, however, it is apparent that
9 one aggregation supplier alone serves over 500,000 customers in the service
10 territories of Ohio Edison Company and Cleveland Electric Illuminating
11 Company.¹

12 **Q. Do you have concerns about so much electric shopping being contingent**
13 **on aggregations supplied by FES?**

14 A. Yes, I have a number of concerns. First, FES is directly working with FirstEnergy
15 in this proceeding to re-regulate a portion of FES' electric generation. Thus, I am
16 concerned about the state of the FE competitive markets given that the
17 "competitiveness" of the FE market is so highly contingent on an aggregation
18 supplier (FES) which is now advocating for re-regulation of electric generation.
19 Further, FES has announced that it is returning (and has returned) a significant
20 number of its customers to SSO service.² While it appears for now that FES

¹ See Motion to Intervene of the Northeast Ohio Public Energy Council (Sep. 30, 2014).

² See Ex. MW-1. And, according to FirstEnergy's Securities and Exchange Commission 2014 10-Q at 63-64 (Aug. 5, 2014), "the Competitive Energy Services segment has eliminated future selling efforts in

intends to still retain its aggregation customers, if FES decides to pull out of that business and return those customers to the SSO, the electric shopping in the FE territory could be severely diminished. Accordingly, given FE/FES' erratic behavior when it comes to its view of competitive markets, I am concerned about the future of competitive retail electric markets in the FirstEnergy service territory.

Q. Do you recommend that the Commission take means that will enhance retail electric competition in the FirstEnergy service territory?

A. Yes. First, Ohio policy requires that the Commission support and promote retail electric competition. Further, given the apparent shift of FirstEnergy/FES away from competitive policies, it is important that the Commission continue to support the development of retail electric competition in the FirstEnergy service territory and throughout the State of Ohio.

III. UTILITY BILLING

Q. Why is it important that CRES providers have the ability to offer non-commodity products and services to customers?

certain sales channels, such as mass market, medium commercial-industrial and select large commercial-industrial, to focus on a selective mix of retail sales channels, wholesale sales that hedge generation more effectively, and maintain a small open position to take advantage of market upside opportunities resulting from volatility as was experienced Going forward, the Competitive Energy Services segment expects to target a sales portfolio of approximately 10 to 15 million MWHs in Governmental Aggregation sales, 0 to 10 million MWHs of POLR sales, 0 to 20 million MWHs in large commercial and industrial sales, 10 to 20 million in block wholesale sales and 10 to 20 million of spot wholesale sales. Support for current customers in the channels to be exited will remain through their respective contract terms." See also Dominant Retail Supplier Drops Customers to POLR, Exiting Mass Market, Mid-Merit Retail Sales, EnergyChoice Matters (available at <http://www.energychoicematters.com/stories/20140806a.html>).

1 A. One of the major benefits of competition is that it encourages the development of
2 innovative products and services that add value to customers beyond the electric
3 commodity. CRES suppliers such as IGS are starting to develop new products
4 and services that provide additional value to customers. The market is evolving
5 to offer even more sophisticated electric products and services including
6 electricity bundled with energy efficiency, demand response, direct load control,
7 smart thermostats, distributed solar generation and other forms of on-site
8 generation, micro-grids, battery storage technology, products bundled with loyalty
9 rewards and products bundled with home protection, to name a few. These value
10 added products and services not only add value to customers, but also many of
11 these products enable customers to use electricity more efficiently, reduce
12 customer's energy costs and enhance electric reliability on the grid.

13 **Q. Will expanding the ability of CRES providers to bill for a diverse range of**
14 **products enhance the competitive market?**

15 A. Yes. As competitive markets and technology evolve, customers will start seeing
16 electricity as more than just the commodity, but rather a package of products and
17 services that include the electric commodity. Thus, it is becoming increasingly
18 more important for CRES providers to be able to bill for these products and
19 services in a manner that is convenient for customers.

20 **Q. Does FirstEnergy's application contain any provisions that would prevent**
21 **CRES providers from using the consolidated utility bill for non-commodity**
22 **services?**

1 A. Yes. FirstEnergy proposes adding the word “generation” to the definition of Bill
2 Ready (Application Attachment 5, 1st Revised Page 3 of 52). This definitional
3 change would prohibit CRES providers from using the Bill Ready function to
4 include non-commodity charges on the consolidated utility bill. This modification
5 would diminish the ability of CRES providers to offer competitive products to
6 customers in FirstEnergy’s service territory. Moreover, as discussed below, it
7 would allow FirstEnergy to provide discriminatory access to the utility bill, a non-
8 competitive distribution asset.

9 **Q. Does FirstEnergy currently bill for non-commodity products and services?**

10 A. Yes. According to FirstEnergy’s website, there are a number of non-commodity
11 products and services that FirstEnergy offers and FirstEnergy bills for on the
12 utility bill. Many of these products appear to be provided by third party
13 companies, but they are advertised as FirstEnergy products and billed on the
14 FirstEnergy bill.³

15 **Q. Can you please identify the unregulated products that FirstEnergy**
16 **currently bills for third party companies on the utility bill?**

17 A. Yes. FirstEnergy is currently offering and billing for the following non-commodity
18 services:

- 19 • FirstEnergy is currently offering unregulated electric technician service.
20 According to the FirstEnergy website, the FirstEnergy contact center will arrange
21 an electric technician to be sent to the customers home to perform in-home

³ See Ex. MW-2.

1 services such as “home safety inspections”, “repairs and upgrades” and “wiring
2 work, plug and switch installation”, to name a few. The charges for the services
3 will be billed directly on the FirstEnergy bill.⁴

- 4 • FirstEnergy is currently offering tree maintenance service on its website. The
5 FirstEnergy contact center will arrange for a tree technician to come to the
6 customers home to perform “tree pruning” and “tree health maintenance” among
7 other services. The charges for the services will be billed directly on the
8 FirstEnergy bill.⁵

- 9 • FirstEnergy is currently offering installation of outdoor lighting services through its
10 website. Much like the other unregulated services FirstEnergy offers,
11 FirstEnergy contact center will arrange for the customer to receive these
12 services, and bill the customer through the consolidated utility bill.⁶

- 13 • Through a company called Home Serve, FirstEnergy is offering insurance for
14 “electrical, plumbing, heating, and cooling systems.” FirstEnergy is currently
15 billing for these products and services on the EDU bill.⁷

- 16 • FirstEnergy has recently filed an application at the Commission in Case 14-1980-
17 EL-ATA to offer disaster insurance to Ohio customers. While FirstEnergy has
18 provided limited information in its application about its request to provide disaster

⁴ See https://www.firstenergycorp.com/content/customer/products/improve_your_home/electrical_services.html.

⁵ See https://www.firstenergycorp.com/content/customer/products/improve_your_home/electrical_services.html.

⁶ See https://www.firstenergycorp.com/content/customer/products/improve_your_home/post_lamps.html.

⁷ See https://www.firstenergycorp.com/content/customer/products/protect_your_home.html.

1 insurance, FirstEnergy's request indicates it also intends to use the utility bill to
2 bill for these services.

3 **Q. Are there any other non-regulated products and service charges that**
4 **FirstEnergy currently allows on the utility bill?**

5 A. The products listed above are just the unregulated non-commodity products and
6 services I have been able to identify. IGS asked FirstEnergy in discovery about
7 the non-commodity products and services it is currently billing for on the utility bill
8 and FirstEnergy has refused to provide any information on this topic.⁸

9 **Q. Does FirstEnergy allow CRES providers to bill for non-commodity products**
10 **and services on the EDU bill?**

11 A. No. IGS has requested, and FirstEnergy has refused, to allow IGS to bill for non-
12 commodity products and services similar to the products and services that are
13 being offered by, and being billed by, FirstEnergy. It appears that through its
14 request to narrow the definition of Bill Ready charges to generation only,
15 FirstEnergy seeks formal approval from the Commission to discriminate against
16 CRES providers.

17 **Q. Is it reasonable for FirstEnergy to prohibit CRES suppliers from billing non-**
18 **commodity charges while at the same time allowing third parties and or**
19 **affiliates to bill for non-commodity charges on the utility bill?**

⁸ Ex. MW-3.

1 A. No. It is unreasonable and discriminatory that FirstEnergy is willing to bill
2 unregulated non-commodity charges for a select group of third party companies
3 or affiliates, but at the same time, seeking to prohibit CRES providers from
4 placing non-commodity charges on the utility bill. Further, Ohio Law prohibits a
5 utility from giving any “undue or unreasonable preference or advantage to any
6 person, firm, corporation, or locality.” See R.C. 49305.35(A). Finally, State policy
7 promotes competitive markets and the offering of a diverse range of products
8 and services.

9 **Q. Do you have additional recommendations with respect to non-commodity**
10 **billing?**

11 A. By prohibiting CRES providers from billing for non-commodity charges (while
12 also allowing specific competitors in the market to do so) FirstEnergy is in
13 violation of Ohio law and Ohio’s pro-competitive policy. Therefore, the
14 Commission should reject FirstEnergy’s proposal to amend its tariff to limit CRES
15 providers from using the bill ready function to bill for only “generation” charges.
16 Further, the Commission should modify FirstEnergy’s ESP to require that
17 FirstEnergy update its tariff to explicitly allow CRES providers to use the bill-
18 ready function to bill for non-commodity charges. The Commission should also
19 direct FirstEnergy to update its tariffs to treat CRES non-commodity charges with
20 respect to payment priority in the same manner FirstEnergy treats the non-
21 commodity charges for the third-party companies for whom FirstEnergy makes
22 available billing services.

1 **IV. SUPPLIER CONSOLIDATED BILLING**

2 **Q. Why is it important for CRES providers to have flexibility when billing for**
3 **electric service?**

4 A. As I note already, more and more customers are demanding value added
5 products and services with their electric commodity. Therefore, it is important to
6 be able to bill for value added products and services in a way that is convenient
7 for customers. For instance, if a customer enrolls in a product with a CRES that
8 includes the electric commodity, a smart-thermostat, energy monitoring, energy
9 efficiency and demand response, the customer does not want separate bills for
10 each individual component of that product. Further, customers may not even
11 want a separate price for each service, but rather may want a bundled all-in
12 price. Therefore, in order for CRES providers to offer value added products and
13 services that customers prefer it is important to have billing flexibility for electric
14 service.

15 **Q. You have already requested that the Commission require FirstEnergy to**
16 **allow CRES providers to bill for non-commodity charges on the utility bill.**
17 **Is there another option that will give CRES providers the flexibility to bill for**
18 **non-commodity charges?**

19 A. Yes. The Commission should also require that FirstEnergy take steps necessary
20 to allow all CRES providers to have the option of supplier consolidated billing.

1 **Q. Are you recommending supplier consolidated billing as an alternative to**
2 **requiring FirstEnergy to allow CRES providers to use the bill-ready billing**
3 **functionality to bill for non-commodity charges?**

4 A. No. I am recommending that the Commission allow CRES providers to use the
5 FirstEnergy bill ready function to bill for non-commodity charges for utility
6 consolidated billing *and* that the Commission order FirstEnergy to implement
7 supplier consolidated billing. It is important the Commission adopt both
8 recommendations because it may take time for FirstEnergy to implement supplier
9 consolidated billing. In the meantime CRES providers should be able to use the
10 FirstEnergy bill-ready option to bill for non-commodity charges.

11 **Q. How does supplier consolidated billing differ from utility consolidated**
12 **billing?**

13 A. Supplier consolidated billing would enable CRES suppliers to provide customers
14 with a single bill for all the components of electric service, including the non-
15 commodity components. Supplier consolidated billing is similar to utility
16 consolidated billing in that the customer will receive only one bill for electric
17 distribution and generation service. However, with supplier consolidated billing
18 model, the CRES supplier issues the bill to the customer instead of the utility.

19 **Q. How does supplier consolidated billing work?**

20 A. Under the supplier consolidated billing model, the CRES supplier purchases the
21 receivables from the utility for the utility distribution charges upfront, making the
22 utility whole for all electric distribution charges and other regulated charges the

1 utility may be authorized to collect from customers. After the CRES purchases
2 the receivables from the utility, the CRES supplier is then responsible for
3 collecting and billing all electric distribution and generation charges from the
4 customer. Under the supplier consolidated billing model, the customer does not
5 receive a bill from the utility.

6 **Q. Currently can CRES suppliers issue bills to FirstEnergy customers?**

7 A. Currently, CRES suppliers can bill for their electric generation charges, but they
8 must do so under the dual billing option. Under the dual billing option, CRES
9 providers must issue a separate bill for electric generation charges, and
10 FirstEnergy would still issue a bill for distribution charges. However, very few
11 CRES suppliers elect dual billing for residential customers because under this
12 option customers receive two separate bills which is inconvenient for the
13 customer. Most, if not all, CRES providers utilize utility consolidated billing for
14 residential customers.

15 **Q. Under supplier consolidated billing, would non-payment of non-commodity**
16 **charges trigger disconnection protocols toward a customer?**

17 A. No. While CRES providers would be able to bill non-commodity charges on the
18 customer's bills, with supplier consolidated billing, failure to pay non-commodity
19 charges would not trigger disconnection for the customer. Disconnect would only
20 be applicable to electric charges and be subject to the same laws and
21 procedures as today. Further, it would still be the utility's responsibility to initiate
22 the physical disconnect for the customer.

1 **Q. Would CRES suppliers still have to abide by the same billing rules and**
2 **billing format as the EDUs if supplier consolidated billing is adopted?**

3 A. Yes. Currently Ohio has rules that govern how utilities must bill customers and
4 have specific requirements for each utility bill. Under supplier consolidated
5 billing, CRES providers would still be subject to the same billing requirements in
6 the rules and statutes today.

7 **Q. How do you recommend that FirstEnergy's Application be modified to**
8 **allow for supplier consolidated billing?**

9 A. I recommend that the Commission modify the ESP Application to require
10 FirstEnergy to expeditiously develop the supplier consolidated billing option for
11 CRES suppliers and order FirstEnergy to make any IT updates and changes to
12 its tariffs and billing manuals.

13 **Q. Are you recommending that FirstEnergy discontinue the utility**
14 **consolidated billing option?**

15 A. No. FirstEnergy should still make the utility consolidated billing option available
16 to CRES providers. CRES providers should have the option to choose between
17 supplier consolidated billing and utility supplier billing. This will allow for the most
18 billing flexibility for customers.

19 **V. UNBUNDLING OF COSTS**

20 **Q. Has IGS in previous ESP proceedings advocated for proposals that would**
21 **encourage customers to engage in Ohio's competitive retail electric**
22 **markets?**

1 A. Yes. IGS continues to advocate for moving Ohio's competitive retail electric
2 markets forward in a way that encourages customer engagement. In order for
3 customers to be more willing to adopt value added products and services that
4 enable them to use and consume energy more efficiently, customers must be
5 engaged in the competitive retail electric market. Unfortunately, the current SSO
6 service discourages customer engagement and encourages customers to view
7 electric service as a commodity only product over which they have no control. As
8 such, IGS has made a number of proposals over the years that would encourage
9 customers to affirmatively choose a retail electric product based on the
10 preferences of the customer.

11 **Q. What can be concluded about the level of customer engagement in the**
12 **FirstEnergy service territory?**

13 A. It can be concluded that the Ohio competitive electric markets have done a good
14 job encouraging opt-out aggregation in the FirstEnergy service territory, but have
15 done a poor job at encouraging customers to affirmatively enroll in a competitive
16 product or otherwise engage in the competitive market.

17 **Q. Are there measured steps that the Commission could take to encourage**
18 **residential customer engagement in FirstEnergy's retail electric markets?**

19 A. Yes. The simplest solution would be to structure FirstEnergy's SSO product as a
20 true provider of last resort service, where the SSO product is only a back-stop
21 service available to customers when no other product in the market is available.
22 Limiting default service in such a manner would eliminate inequities, avoid anti-

1 competitive advantage, and provide the surest route to effective competition.
2 However, recognizing that Ohio is transitioning to fully competitive retail electric
3 markets for FirstEnergy's next ESP, at a minimum, the Commission should
4 ensure that the SSO product being offered by FirstEnergy is an unbundled
5 product comparable to other retail electric products in the market. Specifically,
6 the Commission should unbundle the costs FirstEnergy incurs in distribution
7 rates that are required to support SSO service and reflect those costs in the SSO
8 price.

9 **Q. What does it mean to unbundle costs?**

10 A. Currently, FirstEnergy's SSO price is essentially a pass-through of wholesale
11 capacity and electric costs. However, FirstEnergy incurs a number of other
12 actual costs required to support SSO service, but those costs are not reflected in
13 the SSO price; instead they are recovered through FirstEnergy's distribution
14 rates. Ohio law requires that the SSO price be comparable and non-
15 discriminatory to other products and services in the market. Further, Ohio law
16 prohibits subsidies flowing from distribution rates to SSO service. Thus,
17 FirstEnergy's SSO price should reflect all of the costs required to support SSO
18 service, and those costs should not be recovered through distribution rates.

19 **Q. Can you please give examples of costs FirstEnergy incurs to support SSO**
20 **service but are recovered through distribution rates?**

21 A. Yes. There are a number of costs FirstEnergy incurs required to support SSO
22 service. Those costs include legal expenses incurred to establish the SSO price;

1 an allocation of FirstEnergy employee costs for the time FirstEnergy employees
2 work to make the SSO rate available to customers; FirstEnergy infrastructure
3 costs used to support the SSO, including IT costs used to support the SSO and
4 SSO customers; the cost of working capital FirstEnergy incurs to purchase SSO
5 supply up-front, but bill SSO customers later; customer call center costs incurred
6 when customers inquire about their SSO generation service; and allocation of a
7 portion of overhead expense, because the SSO could not be made available to
8 customers without the use of FirstEnergy's overhead. All of these costs are not
9 reflected in the SSO price but rather recovered through distribution rates.

10 **Q. How should the Commission treat the costs FirstEnergy incurs for**
11 **procuring SSO service for customers that are currently being recovered**
12 **through distribution rates?**

13 A. The Commission should start allocating these costs to the SSO price. As any
14 supplier can attest to, the cost of providing retail electric service consist of more
15 than just a pass-through of wholesale energy prices. As noted above, there are
16 a number of non-electric costs that are required to offer SSO service to
17 residential electric customers that are currently being recovered through
18 distribution rates.

19 **Q. Would unbundling result in higher prices paid for by customers?**

20 A. No, IGS is proposing that unbundling be done in a revenue neutral manner.
21 Thus, under my proposal, customer's distribution rates would be lowered and
22 those costs would merely be reflected in the SSO price.

1 **Q. Have other states with competitive retail electric markets unbundled costs**
2 **to support default service from electric utility distribution rates and**
3 **charged those costs to default service?**

4 A. Yes. Ohio is significantly behind when it comes to ensuring that the default
5 service price reflects the full costs of providing retail electric service. In the
6 states of Pennsylvania, Maryland, Texas, Illinois, and New York, a number of
7 non-commodity costs required to support the default service are actually charged
8 to the default service. Those include the cost of IT, legal fees, infrastructure,
9 customer service, cost of working capital, and employee time to name a few.
10 Although as noted above, Ohio law requires that Ohio utilities also do this kind of
11 unbundling, the utilities in Ohio have yet to begin this process. Ohio continues to
12 treat default service price as just a pass-through price for wholesale electric costs
13 and other costs required to support SSO service are not included in the default
14 rate.

15 **Q. Why is it important that the SSO price reflect all of the cost required to**
16 **support the SSO?**

17 A. First, it is a requirement in Ohio law that the SSO price be an unbundled
18 comparable price to a *retail* electric product in the market. Second, if the SSO
19 price does not reflect the full costs required to support that service, it will
20 discourage competition (particularly for the residential class) in Ohio's retail
21 electric markets. By encouraging customers to remain on SSO service, the
22 Commission is effectively adopting a policy that discourages engagement in the

1 retail electric markets. In the long run, a disengaged market will miss out on the
2 multitude of innovative products and technologies that will enhance Ohio's
3 electric reliability and enable customers to use energy more efficiently.

4 **Q. What do you recommend the Commission require FirstEnergy to do with**
5 **respect to unbundling of the costs required to support SSO service?**

6 A. I recommend that the Commission require FirstEnergy to start the process of
7 unbundling costs required to support SSO service. The Commission should
8 direct FirstEnergy in the earlier of its next ESP Application or distribution rate
9 case to make a proposal that will unbundle the direct costs required to support
10 SSO service and allocate those costs to the SSO price. Those costs should
11 include, but are not limited to an allocation of:

- 12 • FirstEnergy employee costs;
- 13 • Working capital costs;
- 14 • IT and other infrastructure costs;
- 15 • Customer care costs; and
- 16 • Legal costs

17 **VI. CORPORATE SEPARATION ISSUES**

18 **Q. Do you think it is proper that FirstEnergy has requested that the**
19 **Commission guarantee to the earnings of its affiliate, FES?**

20 A. No. I do not. I believe Ohio's corporate separation requirements prohibit a
21 regulated electric distribution utility from providing a preference or competitive

1 advantage to its affiliate. In this case, FirstEnergy has requested that the
2 Commission guarantee the earnings of four of FES's power plants. This would
3 provide FES a competitive advantage and undue preference in violation of R.C.
4 4928.17(A)(2) and (3). Ohio's corporate separation requirements and
5 FirstEnergy's corporate separation plan are intended to prevent and prohibit
6 proposals of this nature. The Commission should thus deny the RRS and
7 investigate FirstEnergy's dealings with FES, and impose any conditions that may
8 be necessary to ensure that FirstEnergy complies with corporate separation
9 requirements in the future.

10 **Q. Does that conclude your testimony?**

11 **A.** Yes it does. But I reserve the right to supplement my testimony in the future.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *Direct Testimony of Matthew White* was served this the 22th day of December 2014 via electronic mail upon the following:

Thomas.mcnamee@puc.state.oh.us Thomas.lindgren@puc.state.oh.us Ryan.orourke@puc.state.oh.us mkurtz@BKLawfirm.com kboehm@BKLawfirm.com jkylern@BKLawfirm.com stnourse@aep.com mjsatterwhite@aep.com yalami@aep.com joseph.clark@directenergy.com ghull@eckertseamans.com myurick@taftlaw.com zkravitz@taftlaw.com Schmidt@sppgrp.com ricks@ohanet.org tobrien@bricker.com mkl@bbrslaw.com gas@bbrslaw.com ojk@bbrslaw.com wtppmlc@aol.com lhawrot@spilmanlaw.com dwilliamson@spilmanlaw.com blanghenry@city.cleveland.oh.us hmadorsky@city.cleveland.oh.us kryan@city.cleveland.oh.us jscheaf@mcdonaldhopkins.com gkrassen@bricker.com dstinson@bricker.com dborchers@bricker.com drinebolt@ohiopartners.org meissnerjoseph@yahoo.com LeslieKovacik@toledo.oh.gov trhayslaw@gmail.com Jeffrey.mayes@monitoringanalytics.com mhpeticoff@vorys.com mjsettinieri@vorys.com glpetrucci@vorys.com msoules@earthjustice.org sfisk@earthjustice.org Larry.sauer@occ.ohio.gov	burkj@firstenergycorp.com cdunn@firstenergycorp.com jlang@calfee.com talexander@calfee.com dakutik@jonesday.com sam@mwncmh.com fdarr@mwncmh.com mpritchard@mwncmh.com cmooney@ohiopartners.org callwein@wamenergylaw.com mswhite@igsenergy.com Bojko@carpenterlipps.com Allison@carpenterlipps.com hussey@carpenterlipps.com barthroyer@aol.com athompson@taftlaw.com Christopher.miller@icemiller.com Gregory.dunn@icemiller.com Jeremy.grayem@icemiller.com blanghenry@city.cleveland.oh.us hmadorsky@city.cleveland.oh.us kryan@city.cleveland.oh.us tdougherty@theOEC.org finnigan@edf.org Marilyn@wflawfirm.com todonnell@dickinsonwright.com matt@matthewcoxlaw.com mfleisher@elpc.org mitch.dutton@fpl.com selisar@mwncmh.com ccunningham@akronohio.gov asonderman@keglerbrown.com sechler@carpenterlipps.com gpoulos@enernoc.com toddm@wamenergylaw.com amy.spiller@duke-energy.com Jeanne.kingery@duke-energy.com dwilliamson@spilmanlaw.com lhawrot@spilmanlaw.com
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Michael.schuler@occ.ohio.gov Kevin.moore@occ.ohio.gov	
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/s/Joseph Olier
Counsel for IGS Energy

4500 S Hamilton Rd
Groveport, OH 43125-9563

1255-1

990001255 01 AT 0.406



[REDACTED]
NEW ALBANY, OH 43054-8728

Service Address:

[REDACTED]
New Albany, OH 43054-8728

June 6, 2014

Account Number: [REDACTED]

Service Delivery ID: [REDACTED]

Dear [REDACTED]:

This letter is to confirm the request that Firstenergy Solutions Corp. no longer provide your generation service as of June 30, 2014. At that time, AEP Ohio will begin providing your generation service according to the rate designated by the Public Utilities Commission of Ohio (PUCO).

If you wish to choose a generation supplier other than AEP Ohio then you must contact another supplier so that they can submit a switch request to AEP Ohio on your behalf. The new switch request needs to be received no later than 5:00 pm twelve (12) days prior to the above date.

To return to AEP Ohio's standard offer service, you need not take any action.

For a list of generation suppliers in your area, please go to www.aepohio.com. You may also contact the Public Utilities Commission of Ohio at 1-800-686-7826 or www.puco.ohio.gov.

Please call AEP at 1-888-237-5566 if you have any questions.

Sincerely,

AEP Ohio

Ex. MW-2



DATE: November 26, 2014

REFERENCE CODE: 1411SF089DOH5-9N99

[REDACTED]
WATERVILLE, OH [REDACTED]
[Barcode]

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*** PLEASE RESPOND WITHIN 30 DAYS ***

YOU ARE RESPONSIBLE FOR SOME OF THE COMPONENTS OF YOUR EXTERIOR ELECTRICAL SYSTEM.

The electrical system outside your home could fail without warning. You are responsible for the cost of repairing some of your exterior electrical system. Repairs could cost you hundreds of dollars and are your financial responsibility as the homeowner.

Protect the exterior electrical system of your home today. Complete and return the form below for the *optional* Exterior Electrical Line Protection Plan from HomeServe. You will receive up to \$3,000 a year (30-day wait period with money-back guarantee) to pay for covered repairs and a 24/7 Emergency Repair Hotline.

COMPLETE AND RETURN THE ATTACHED FORM

CALL TOLL FREE 1-888-658-3800

OR FOR FASTEST PROCESSING VISIT TOLEDOEDPLANS.COM TO ACCEPT THIS PLAN

HomeServe USA Repair Management Corp. ("HomeServe") is an independent company separate from FirstEnergy Corp., its operating companies, subsidiaries and affiliates, including the electric utility that provides your electric distribution service (hereafter referred to, collectively, as "FirstEnergy Companies"). The Public Utilities Commission of Ohio does not regulate this optional service and has no authority to investigate complaints about this optional service. HomeServe offers this service as an authorized representative of AMT Warranty Corp., the contract issuer. A customer's decision to receive or not receive the good or service under this program will not influence the delivery of competitive or non-competitive retail electric service to that customer by the FirstEnergy Companies. HomeServe's corporate offices are located in Norwalk, CT.

COMPLETE AND RETURN FORM

1411SF089DOH5-9N99

Please correct address information below, if necessary, before submitting.

[REDACTED]
WATERVILLE, OH [REDACTED]

REFERENCE CODE: 1411SF089DOH5-9N99

REFERENCE #: 110019744256

YES, please sign me up for the Exterior Electrical Line Protection Plan from HomeServe and include the \$5.49 monthly charge on my electric bill (if available). I understand that this optional Plan is billed on a monthly basis and based on an annual contract that will be renewed annually at the then-current renewal price. I grant permission for my utility company to share my customer information, including account number, with HomeServe only as needed to process my enrollment and bill me. I have the option to cancel this contract at any time without additional cost to me by calling 1-888-658-3800. I confirm that I have read the information in this package and meet the eligibility requirements for this Plan.

SIGNATURE (required)

PHONE NUMBER

EMAIL ADDRESS

1410SFx89D 1101-2001-PP03-1-15-2598 FE_PEN_1410

IGS Set 2
As to objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

- IGS Set 2 –** Does First Energy currently place charges on its utility bill for Home Serve USA?
INT-31
- a. If the answer to INT 2.31 is yes, please list all services that First Energy bills on Home Serve USA's behalf
 - b. If the answer to INT 2.31 is yes, does FirstEnergy charge Home Serve USA for providing these billing services
 - c. If the answer to INT 2.31(b) is yes, please describe any and all charges FirstEnergy invoices to Home Serve USA in exchange for being able to bill on the FirstEnergy bill
 - d. If the answer to 2.31 is yes, please list all payments or royalties that are remitted to the FirstEnergy's parent or affiliated company(s) by Home Serve USA
 - e. If the answer to 2.31 is yes, please explain the payment priority system FirstEnergy utilizes when a customer is past due on charges, and the customer is being billed for Home Serve USA charges on the utility bill?

Response: Objection. This request is overbroad and unduly burdensome and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Moreover, this request mischaracterizes facts. The Companies have not proposed anything in this proceeding related to any offers to customers of certain products and services or any changes to tariffs pertaining to those products and services.

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

- IGS Set 2 –** Please list all Non-Commodity Products and Services (see definition) that First Energy allows
INT-32 parties or CRES providers to invoice and collect through its utility bill?
- a. For each Non-Commodity Product and Service listed in INT-2.32 please identify the entity that is the provider of the Non-Commodity Product and Service.
 - b. For all entities identified in 2.32(a), please list whether such an entity is an affiliated company of FirstEnergy.
 - c. For all entities identified in 2.32(a), please list whether such entity is a CRES provider.
 - d. For each of the Non-Commodity Products and Services identified in INT-2.32 please list the cost of system upgrades required to make the billing functionality available to bill for these Non-Commodity Product and Services
 - e. For each of the Non-Commodity Products and Services identified in INT-2.32, please describe any and all charges FirstEnergy invoices the provider of the Non-Commodity Products and Services in exchange for being able to bill on the FirstEnergy bill.

Response: Objection. This request is vague and ambiguous, overbroad and unduly burdensome and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Companies have not proposed anything in this proceeding related to offers to customers of certain products and services or any changes to tariffs pertaining to those products and services.

IGS Set 2
As to objections: Carrie M. Dunn

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

IGS Set 2 – If a CRES provider asked FirstEnergy to place Non-Commodity Products and Services on
INT-33 the utility bill, would FirstEnergy agree to bill for the CRES providers charges?

Response: Objection. This request is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Moreover, this request mischaracterizes facts and calls for speculation. The Companies have not proposed anything in this proceeding related to offers to customers of certain products and services or any changes to tariffs pertaining to those products and services.

Case No. 14-1297-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and
The Toledo Edison Company for Authority to Provide for a Standard Service Offer
Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan

RESPONSES TO REQUEST

**IGS Set 2 –
RPD-5**

Please provide any and all agreements that FirstEnergy has entered into with entities that relate to billing arrangements for Non-Commodity Products and Services that are billed on the FirstEnergy utility bill.

Response:

Objection. This request is vague and ambiguous, overbroad and unduly burdensome and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Companies have not proposed anything in this proceeding related to offers to customers of certain products and services or any changes to tariffs pertaining to those products and services

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 14-1297-EL-SSO

Summary: Testimony of Matthew White electronically filed by Mr. Joseph E. Olier on behalf of IGS Energy