

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Motion to Modify the :  
Exemption Granted to the East Ohio Gas : Case No. 18-1419-GA-EXM  
Company d/b/a Dominion Energy Ohio :

**PREFILED TESTIMONY  
OF  
TIMOTHY W. BENEDICT**

OFFICE OF THE FEDERAL ENERGY ADVOCATE  
ON BEHALF OF THE STAFF OF THE  
PUBLIC UTILITIES COMMISSION OF OHIO

**STAFF EX. \_\_\_\_**

**November 15, 2019**

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

2 A. My name is Timothy W. Benedict. I am employed by the Public Utilities  
3 Commission of Ohio (PUCO). My business address is 180 E. Broad St,  
4 Columbus, Ohio 43215.

5

6 2. Q. What is your current position at the Commission?

7 A. I am a Senior Utility Specialist in the Office of the Federal Energy  
8 Advocate. My responsibilities include economic analysis of wholesale and  
9 retail competitive markets, energy demand forecasting, and advocacy on  
10 regional and federal issues as they pertain to the state of Ohio.

11

12 3. Q. Please summarize your educational background and work experience.

13 A. I received a Bachelor of Arts degree in Economics from the University of  
14 Vermont and a Master of Arts degree in Economics from Cleveland State  
15 University. I had been employed by TrustCo Bank in Glenville, New York  
16 and AmTrust Bank in Cleveland, Ohio prior to joining the Staff of the  
17 Commission in December 2009.

18

19 4. Q. Have you testified in prior proceedings before the Public Utilities  
20 Commission of Ohio?

21 A. Yes.

22

1     5.     Q.     What is the purpose of your testimony in this proceeding?

2           A.     My testimony presents a summary of the data being collected by PUCO  
3                 Staff (Staff) that informs our position to support OCC and OP&E's motion  
4                 to modify the exemption granted to Dominion Energy Ohio (DEO or  
5                 Dominion) and that the findings upon which the Commission's order in  
6                 Case No. 12-1842-GA-EXM (2013 Case) are no longer valid. The data  
7                 supporting Staff's position is presented herein in an aggregated and de-  
8                 identified format, to preclude the release of any data that might be  
9                 considered a proprietary trade secret and/or confidential by any market  
10                participant.

11

12    6.     Q.     Please explain the source and nature of the data Staff is collecting.

13           A.     As part of the Stipulation and Recommendation entered into by the parties  
14                 in the 2013 Case and the subsequent Commission order approving the  
15                 Stipulation, Staff is receiving data on the customer and market impacts of  
16                 Dominion's exit of the merchant function. At the time, the Commission  
17                 believed "that allowing DEO to exit the merchant function for  
18                 nonresidential customers provides the Commission with an excellent  
19                 opportunity to study the consequences of the exit" and "that a maximum  
20                 amount of information should be provided regarding the impact of DEO's

1 exit”<sup>1</sup> The Commission directed DEO to provide such information “so that  
2 all parties can become better informed regarding the effect of DEO’s exit  
3 on competition and customers” and to provide Staff with “any data Staff  
4 determines is necessary to adequately provide information to assist the  
5 Commission in determining future actions pertaining to natural gas  
6 competition.”<sup>2</sup>  
7

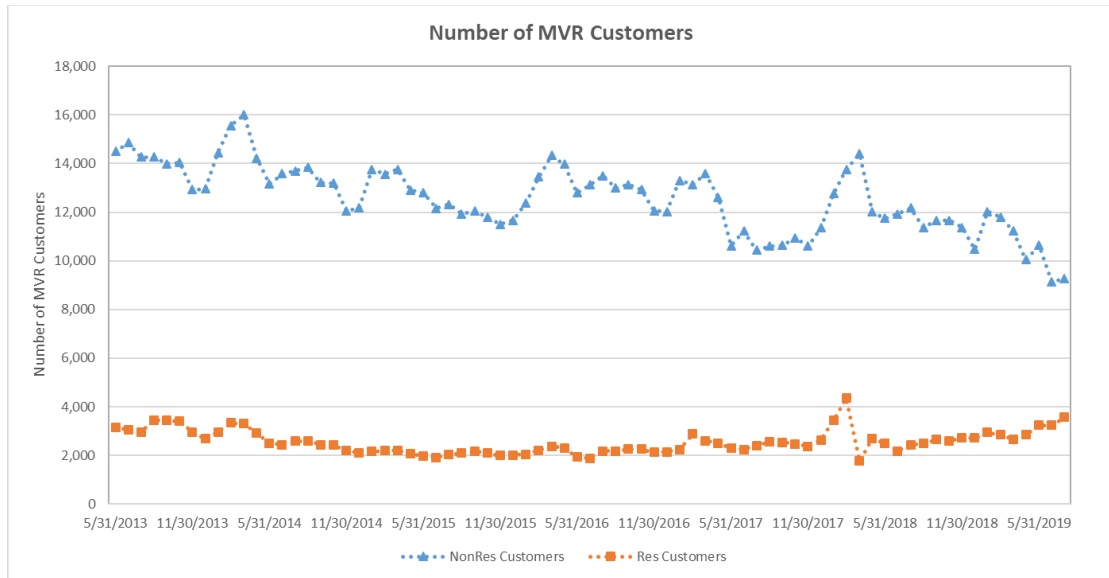
8 7. Q. Has Staff been collecting data on the number of customers, both residential  
9 and nonresidential, that are taking service under the Monthly Variable Rate  
10 (MVR)? What are Staff’s observations at this time?

11 A. Yes. Staff observes that the number of customers who continue to rely on  
12 the MVR has not changed significantly since the data began being  
13 collected. Staff is concerned that this data demonstrates that the MVR has  
14 not operated as an efficient mechanism to facilitate incremental market  
15 development or to encourage customers to engage more fully with the  
16 competitive marketplace. The aggregate number of both residential and  
17 nonresidential customers taking service under the MVR is depicted in the  
18 following figure.  
19

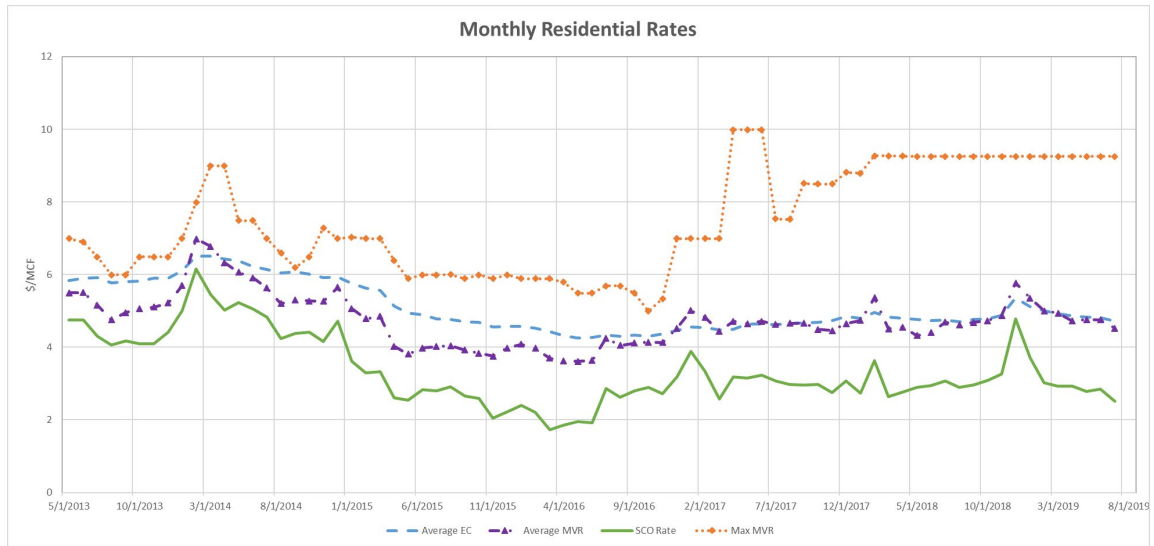
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<sup>1</sup> *In the Matter of the Application to Modify, in Accordance with Section 4929.08, Revised Code, the Exemption Granted to The East Ohio Gas Company d/b/a Dominion East Ohio in Case No. 07-1224-GA-EXM, Case No. 12-1842-GA-EXM (2013 Case), Opinion and Order (January 9, 2013) (2013 Order), at 17.*

<sup>2</sup> 2013 Order at 17.

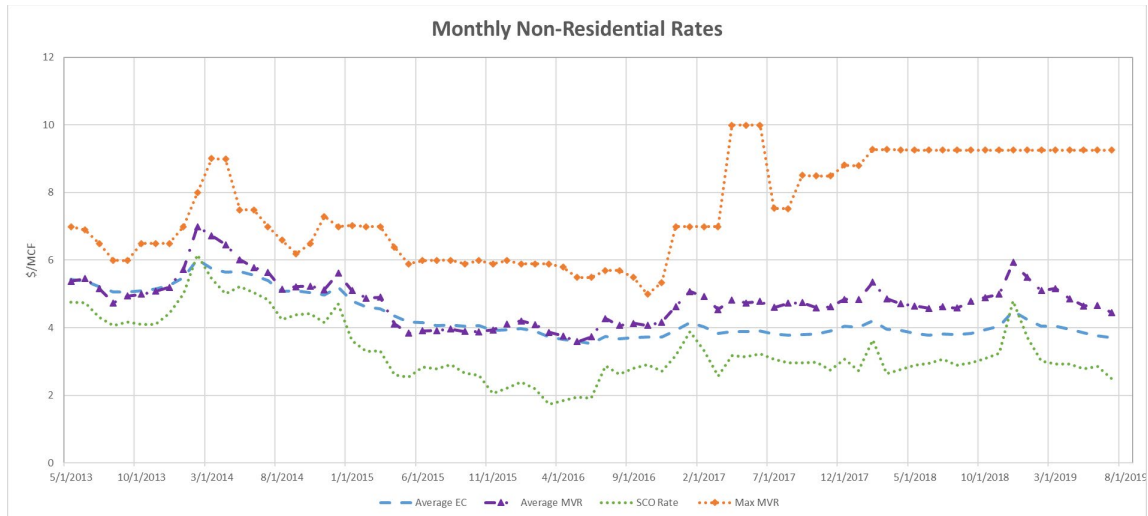


- 1
- 2
- 3 8. Q. Has Staff been collecting data on the rates being charged to residential
- 4 customers in the MVR program and how these rates compare to market
- 5 rates and default service rates? What are Staff's observations at this time?
- 6 A. Yes. Staff observes that average MVR rates have been consistently higher
- 7 than rates for default service. Staff is particularly concerned that some
- 8 MVR rates are many multiples higher than prevailing market prices and
- 9 that customers are therefore being assigned to MVR rates that are
- 10 unconscionably high, to the point of being unjust and unreasonable. The
- 11 data is presented in the following figure.
- 12
- 13
- 14



9. Q. Has Staff been collecting data on the rates being charged to nonresidential customers in the MVR program and how these rates compare to market rates? What are Staff's observations at this time?

A. Yes. Staff observes that, as with residential MVR rates, nonresidential MVR rates consistently exist at a multiple to market price that constitutes a rate that is so unconscionable as to be unjust and unreasonable. The data is presented in the following figure. The SCO is included for illustrative purposes.



10. Q. Did the Commission consider customer protections in allowing Dominion to exit the merchant function for nonresidential customers?

A. Yes. In its Opinion and Order in the 2013 case, the Commission believed that “customers will be protected by the market during this transition.”<sup>3</sup> Staff also recommended a comprehensive customer education program in that proceeding, which the Commission granted in order to help ensure that the Stipulation would benefit ratepayers and the public interest. Further discussion around customer education and experience with Dominion’s MVR program is contained within the testimonies of Staff witnesses Bossart and Magaziner-Tempesta.

11. Q. Based on the data it has been collecting and presented herein, what is

<sup>3</sup> 2013 Order at 15.

1 Staff's recommendation to the Commission as it pertains to the motions  
2 filed by the Ohio Consumers' Counsel (OCC) and The Ohio Partners for  
3 Affordable Energy (OPAE)?

4 A. Staff believes that the data it has been collecting demonstrates that the  
5 findings upon which the Commission's 2013 Order was based are no longer  
6 valid and that modification is in the public interest. Staff recommends that  
7 the Commission eliminate the MVR for both residential and nonresidential  
8 customers and initiate a process whereby an auction-based Standard Choice  
9 Offer (SCO) is restored as a default service choice for nonresidential  
10 customers of Dominion.

11  
12 12. Q. Does this conclude your testimony?

13 A. Yes it does. However, I reserve the right to submit supplemental testimony  
14 as described herein, as new information subsequently becomes available or  
15 in response to positions taken by other parties.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Testimony of Timothy Benedict was submitted on behalf of the Staff of the Public Utilities Commission of Ohio via electronic mail upon the following parties of record, this 15<sup>th</sup> day of November, 2019.

/s/Werner L. Margard III

**Werner L. Margard III**

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Summary: Testimony of Timothy Benedict electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO