

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2012 SmartGrid Costs. )  
) Case No. 13-1141-GE-RDR  
)

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**DIRECT TESTIMONY OF**

**JARED A. LAWRENCE**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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January 29, 2014

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## **I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jared A. Lawrence. My business address is 400 South Tryon Street,  
3 Charlotte, North Carolina 28202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am Vice President, Revenue Services, for Duke Energy Corporation.

6 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**  
7 **QUALIFICATIONS.**

8 A. I graduated from The Johns Hopkins University with a Bachelor of Science degree in  
9 Civil Engineering. I practiced structural engineering for four years with Legion  
10 Design/Campbell Associates and Whitman, Requardt and Associates, LLP before  
11 enrolling in business school, where I earned a Master of Business Administration from  
12 the Fuqua School of Business at Duke University. I joined Duke Energy Corporation in  
13 2002 as a member of the Commercial Associates Program, in which I completed rotations  
14 in Mergers and Acquisitions, Duke Power Asset Management, Corporate Environmental  
15 Health and Safety, Corporate Strategy and the Company's broadband over power lines  
16 project. In 2004, I joined the Power Policy and Planning group in Duke Power. At the  
17 time of the Duke Energy/Cinergy merger in 2006, I assumed the role of Director,  
18 Commercial Services, in which I managed the analytical and contract management  
19 support functions for the Regulated Portfolio Optimization organization. In 2008, I  
20 assumed the role of Vice President, Office of Nuclear Development. In 2010, I was  
21 named Vice President, Customer Strategy and Innovation and was responsible for  
22 regulatory strategy, strategic planning and analytical support for retail customer products  
23 and services, including the Company's energy efficiency and demand response portfolios.

1 In 2012, I was named General Manager, Customer Planning and Analytics, where my  
2 responsibilities included those of my previous role, as well as customer experience and  
3 contact channel strategy, market research and management of the Company's customer  
4 satisfaction programs. I was named Vice President, Revenue Services in November of  
5 2013. In my current role, I am responsible for customer billing operations, payments  
6 processing, and management of retail customer credit policies and accounts receivable for  
7 the Company's regulated utility operations.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**  
9 **COMMISSION OF OHIO?**

10 A. No.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY**  
12 **IN THIS PROCEEDING?**

13 A. The purpose of my direct testimony is to support the Stipulation and Recommendation  
14 (Stipulation) related to the Company's application in this proceeding, a Stipulation filed  
15 by all but one of the parties to this proceeding. I will discuss the criteria employed by  
16 the Public Utilities Commission of Ohio (Commission) when reviewing stipulations.  
17 My testimony will confirm that the Stipulation filed in this proceeding: (1) is the product  
18 of serious bargaining among capable, knowledgeable parties; (2) does not violate any  
19 important regulatory principle or practice; and (3) as a package, benefits ratepayers and  
20 the public interest. I will explain that the Stipulation is a fair and reasonable resolution to  
21 the issues relevant to this proceeding.

22 Additionally, I will respond to the testimony that was filed by Direct Energy Services,  
23 LLC and Direct Energy Business Services, LLC.

## **II. OVERVIEW OF THE STIPULATION**

1 **Q. PLEASE IDENTIFY THE SIGNATORY PARTIES TO THE STIPULATION.**

2 A. In addition to the Commission Staff, four parties intervened in this proceeding and these  
3 parties reflect diverse interests and represent customers in Duke Energy Ohio's service  
4 territory. Only one party, the Direct Energy Business, LLC and Direct Energy Services,  
5 LLC (Direct Energy), is not a signatory to this Stipulation and Recommendation. The  
6 signatory parties are the Staff of the Public Utilities Commission of Ohio, (Staff), the  
7 Office of the Ohio Consumers' Counsel, (OCC), Ohio Partners for Affordable Energy,  
8 (OPAE), and FirstEnergy Solutions Corp. (FES)<sup>1</sup>. Both OCC and OPAE have extensive  
9 experience with participation in Duke Energy Ohio's SmartGrid Collaborative and have  
10 participated since its inception in 2009, and each has knowledge of the matters relevant to  
11 this proceeding.

12 **Q. PLEASE PROVIDE AN OVERVIEW OF THE TERMS OF THE SETTLEMENT**  
13 **AGREEMENT AS DETAILED IN THE STIPULATION.**

14 A. The Stipulation provides that the Company's application for cost recovery for SmartGrid  
15 deployment be approved and that the Company recover costs as set forth in the  
16 agreement. The Stipulation also recommends that certain deferred Operation and  
17 Maintenance (O&M) costs related to severances be deferred without carrying charges and  
18 the Company will include recovery of such costs in its 2013-2014 SmartGrid investment.  
19 The Stipulation includes a rate cap of \$6.75 for Rider DR-IM and the Company agreed to  
20 a recalculation of the rate for gas only customers pursuant to Staff's recommendation in  
21 the Staff Comments filed in this proceeding.

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<sup>1</sup> FirstEnergy Solutions Corp. signed the Stipulation neither in support nor opposition.

1           The Stipulation includes a commitment by the Company to track and report  
2 certain reliability operations and outage management and detection parameters, and it  
3 provides for continuation of a time-of-use rate pilot program. Finally, the Stipulation  
4 includes a commitment not to disconnect customers who refuse to accept installation of a  
5 SmartGrid meter until such time as the Commission rules become final.

**III. CRITERIA FOR APPROVAL OF A STIPULATION**

6 **Q. PLEASE IDENTIFY THE CRITERIA USED BY THE COMMISSION IN**  
7 **REVIEWING A STIPULATION.**

8 A. As I understand it, the Commission will approve a stipulation when it (1) is the product  
9 of serious bargaining among capable, knowledgeable parties; (2) does not violate any  
10 important regulatory principle or practice, and (3) as a package benefits ratepayers and  
11 the public interest.

12 **Q. DOES THE STIPULATION REPRESENT THE PRODUCT OF SERIOUS**  
13 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

14 A. Yes. The capability and knowledge of the parties and their counsel is readily apparent.  
15 The signatory parties regularly participate in rate proceedings before the Commission, are  
16 very knowledgeable in regulatory matters, and were represented by experienced  
17 competent counsel. Furthermore, the signatory parties represent a broad range of  
18 interests.

19           It is my understanding that all of the issues raised by the signatory parties in the  
20 proceeding were thoroughly reviewed and addressed during negotiations and despite the  
21 divergent interests among them, all parties had an opportunity to express their opinions in  
22 the negotiation process.

1 Further, the settlement discussions resulted in beneficial modifications and  
2 compromises, thereby confirming that serious bargaining occurred at settlement  
3 meetings.

4 For all of these reasons, I believe that the Stipulation is a compromise resulting  
5 from those negotiations and, therefore, represents a product of the efforts of capable,  
6 knowledgeable parties.

7 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**  
8 **PRINCIPLE OR PRACTICE?**

9 A. No. Based upon my experience, involvement in this proceeding, and review of the  
10 Stipulation, I believe that it complies with all relevant and important principles and  
11 practices. The Stipulation furthers important regulatory principles and practices through  
12 the advancement of energy efficiency and peak demand reduction that is consistent with  
13 Ohio energy policy.

14 **Q. DOES THE STIPULATION BENEFIT CONSUMERS AND THE PUBLIC**  
15 **INTEREST?**

16 A. Yes. As set forth in the Stipulation, and as agreed to by the signatory parties, the  
17 Stipulation provides benefits for all customer groups and interested stakeholders, while  
18 advancing and remaining consistent with state policy.

19 **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF THE**  
20 **ISSUES IN THE PROCEEDING?**

21 A. Yes. As described above, the Stipulation affords benefits to our customers and the public  
22 and is consistent with established regulatory policy and practice. The Stipulation

1 represents a timely and efficient resolution of all of the issues in this proceeding, after  
2 thoughtful deliberation and discussion by the parties.

3 **IV. DIRECT ENERGY MATTERS**

**Q. HAVE YOU READ THE TESTIMONY SUBMITTED BY DIRECT ENERGY IN THIS PROCEEDING?**

A. Yes. I read the testimony of Jennifer Lause and Theresa Ringenbach.

**Q. PLEASE RESPOND TO THE TESTIMONY FILED BY DIRECT ENERGY IN THIS PROCEEDING.**

A. Both Direct Energy witnesses raise issues not relevant to this proceeding and not appropriate for consideration in this proceeding.

**Q. WHAT IS DIRECT ENERGY REQUESTING AND WHY IS IT IRRELEVANT IN THIS PROCEEDING?**

A. My understanding based upon the testimony is that Direct Energy is asking Duke Energy Ohio to provide customer data in a specific format and with greater frequency than is currently possible. Duke Energy Ohio is seeking recovery of costs for deployment of grid modernization technology across its service territory in 2012. The Company did not propose nor is it seeking recovery of costs related to interactions with Competitive Retail Electric Suppliers (CRES) in this proceeding, nor did the Company propose or seek recovery for such services in any prior proceeding. Thus, Direct Energy seeks to advance its own agenda in this case and that agenda is not timely, nor is it relevant.

**Q. PLEASE EXPLAIN WHY THESE MATTERS ARE NOT APPROPRIATE IN THIS PROCEEDING.**



A. Among other things, Direct Energy seeks a ruling from the Commission to guide interactions between the Company and its customers with respect to sharing customer data with third-parties such as CRES providers. In particular, Direct Energy wishes to receive this data with specific customer consent and under terms of the Company's current supplier tariff.

It is my understanding that the Commission opened an investigation in Case No. 12-3151-EL-COI to allow interested parties to participate in discussions related to many of these questions. It is further my understanding that the Commission has not issued an entry or order concluding that docket. Thus, questions related to customer data security and privacy and CRES interactions are still under review. Therefore, it would not be appropriate, in this case, to resolve questions that have not yet been directed by the Commission with respect to all electric distribution utilities.

**Q. WHAT INFORMATION CAN BE PROVIDED TO CRES PROVIDERS BY DUKE ENERGY OHIO WITH RESPECT TO CUSTOMER DATA?**

A. Pursuant to an agreement reached by the Company with stipulating parties in Case No. 11-3549-EL-SSO in 2012, the Company will be providing a portal for all CRES suppliers so that they can receive hourly-interval customer usage AMI data as discussed in Don Schneider's testimony.

1 **Q. WHEN DOES DUKE ENERGY OHIO EXPECT TO BE ABLE TO PROVIDE**  
2 **THE HOURLY-INTERVAL CUSTOMER USAGE AMI DATA?**

3 **A.** This information will be available on the Company's web portal and accessible by CRES  
4 providers on June 1 of this year.

1 **Q. WHAT INFORMATION IS DIRECT ENERGY SEEKING IN ADDITION TO**  
2 **THAT WHICH WILL BE AVAILABLE THIS YEAR ON THE COMPANY'S**  
3 **NEW WEB PORTAL?**

4 A. Direct Energy witness Theresa L. Ringenbach explains that Direct Energy seeks an order  
5 from the Commission to amend the Stipulation in this proceeding. Direct Energy has  
6 requested six specific changes. I will address each of these in order. First, Direct  
7 Energy wishes to be permitted to receive, with customer consent, customer interval  
8 energy consumption and load data. Duke Energy Ohio will be providing this data  
9 through the web portal, although not all will be of billable quality. The details around  
10 obtaining and retaining customer consent are still to be determined and will not be  
11 resolved until the Commission's rules in Chapter 4901:1-10 are concluded.

12 Next, Direct Energy asks that CRES providers be permitted to obtain customer  
13 consent to receive customer interval energy consumption and load data through a  
14 conspicuous disclosure in the terms and conditions of service for the contract. Again this  
15 is a matter which is presently under discussion before the Commission and not yet  
16 resolved.

17 Third, Direct Energy asks the Commission to direct Duke Energy Ohio to provide  
18 CRES providers with customer interval energy consumption and load data in Excel  
19 format and then eventually through electronic data interchange. Duke Energy Ohio  
20 witness Don Schneider will discuss the details related to data exchange with CRES  
21 providers.

22 Fourth, Direct Energy is asking the Commission to declare that the confidentiality  
23 of customer interval energy consumption and load data received by CRES providers is

1 adequately governed by Duke Energy Ohio's current supplier tariff. Duke Energy Ohio's  
2 current supplier tariff was written prior to the availability of the more granular data that is  
3 now available through advanced meter technology. Once the Commission finalizes its  
4 policy with respect to providing customer data to third parties, the Company will review  
5 its supplier tariff and seek amendments as needed. Direct Energy is jumping the gun with  
6 respect to this recommendation.

7 Fifth, Direct Energy is asking the Commission to direct Duke Energy Ohio to  
8 implement a meter data management system. As will be discussed by Duke Energy  
9 Ohio witness Don Schneider, the Company has already implemented two meter data  
10 management systems, although, as Witness Schneider has testified, the functionality to  
11 transfer billable quality data as requested by Direct Energy does not exist at this time.  
12 Ultimately, providing such system functionality will be costly and will require significant  
13 system changes. And since Direct Energy is presently the only CRES provider asking  
14 for this functionality, the full range of functional needs, data security and privacy  
15 requirements to serve the market have not been fully vetted. Therefore the Company  
16 does not yet have a completed plan to put before the Commission for its consideration.  
17 Any such plans would necessarily involve detailed evaluation and consideration by the  
18 Commission and by other interested parties. Again, Direct Energy is untimely with this  
19 demand.

20 Finally, Direct Energy very generously suggests that the Commission should  
21 allow the Company to recover costs for the five items above. As has been explained, the  
22 merits of each of these changes, and any costs that might be incurred and recovered, have

1 not yet been evaluated by Duke Energy Ohio. Direct Energy's demands are too far in  
2 advance of the development of the appropriate regulatory and legal process.

3 **Q. DIRECT ENERGY WITNESS THERESA RINGENBACH PROPOSES AN**  
4 **ALTERNATIVE PLAN FOR DIRECT ENERGY ONLY. DOES DUKE ENERGY**  
5 **OHIO AGREE WITH THIS REQUEST?**

6 A. Direct Energy witness Ringenbach is asking the Commission to order Duke Energy Ohio  
7 to work with Direct Energy to the exclusion of other CRES providers. Such a proposal  
8 would not be consistent with the Commission's policy to ensure a fair and competitive  
9 retail electric service market.

10 **Q. DOES DUKE ENERGY OHIO HAVE AN ALTERNATIVE PROPOSAL TO**  
11 **DIRECT ENERGY?**

12 A. Yes. Direct Energy has become a participant in the Duke Energy Ohio SmartGrid  
13 collaborative. Duke Energy Ohio is encouraged by the participation of CRES providers  
14 in this forum. The issues raised by Direct Energy in its testimony are much more  
15 efficiently resolved in such forums where all interested parties can discuss their various  
16 views. Then when the Company proposes changes and cost recovery to the Commission  
17 for its consideration, the Commission can be assured that the relevant issues have been  
18 discussed and debated, if not entirely resolved.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes, it does.

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