

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company and)	
Ohio Power Company for Authority to)	Case No. 11-346-EL-SSO
Establish a Standard Service Offer)	
Pursuant to § 4928.143, Ohio Rev. Code,)	Case No. 11-348-EL-SSO
in the Form of an Electric Security Plan.)	

In the Matter of the Application of)	Case No. 11-349-EL-AAM
Columbus Southern Power Company and)	
Ohio Power Company for Approval of)	Case No. 11-350-EL-AAM
Certain Accounting Authority.)	

DIRECT PREPARED TESTIMONY OF TERESA L. RINGENBACH
ON BEHALF OF THE RETAIL ENERGY SUPPLY ASSOCIATION,
DIRECT ENERGY BUSINESS, LLC AND DIRECT ENERGY SERVICES, LLC

May 4, 2012

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1 **I. QUALIFICATION OF THE WITNESS**

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

3 **A1.** My name is Teresa Ringenbach. My business address is 9605 El Camino Lane, Plain
4 City, Ohio.

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

6 **A2.** I am the Senior Manager of Government and Regulatory Affairs for the Midwest for
7 Direct Energy, LLC. I am also the Ohio Retail Energy Supply Association ("RESA")
8 representative for electricity.

9 **Q3. Please explain the job responsibilities and duties in your current position.**

10 **A3.** I am responsible for monitoring, advocating and defending regulatory and legislative
11 activities which affect Direct Energy, LLC's ability to serve customers in Pennsylvania,
12 Ohio, Illinois, Kentucky and Michigan. My responsibilities cover electric, natural gas,
13 and home services issues for all levels of customers from residential to large industrial.
14 As the RESA Ohio electric representative, my responsibilities include advocating the
15 RESA guiding principles for open, fair and transparent markets in the retail electric
16 markets.

17 **Q4. Please describe your educational background and relevant work experience prior to**
18 **joining Direct Energy, LLC.**

19 **A4.** I hold a Bachelor of Business Administration with a concentration in International
20 Business from the University of Toledo. I started in the energy industry in 2001 with
21 Integrus Energy Services, Inc., formerly WPS Energy Services, Inc., as a Customer
22 Service and Marketing Specialist promoting and managing the recently opened Ohio
23 residential and small commercial electric offers. In 2002, I accepted the position of

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

15 **Q5. Have you ever testified before a regulatory agency?**

16 **A5.** 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 **Q6. On whose behalf are you testifying today?**

20 **A6.** On behalf of Direct Energy Services, LLC, Direct Energy Business, LLC (jointly “Direct
21 Energy”) and the Retail Electric Supply Association (“RESA”).

22 **II. DIRECT ENERGY AND RESA POSITION ON THE MODIFIED ESP**

23 **Q7. What is the purpose of your testimony today?**

1 **A7.** To discuss the lack of competitive retail market enhancements and existing barriers to
2 effective retail competition in the AEP Ohio service territory that will continue under
3 AEP Ohio's proposed electric security plan filed March 30, 2012 in this docket (the
4 "Modified ESP").

5 **Q8. Please provide your overall observation of AEP Ohio's Modified ESP.**

6 **A8.** AEP Ohio's Modified ESP proposal contains many aspects that are anti-customer and
7 anti-customer choice. AEP Ohio's proposal severely limits possibilities for the
8 development of retail competition in its service territory, and does not further the letter or
9 spirit of Senate Bill 221 and the State Policy of supporting competitive retail electric
10 service. Therefore, Direct Energy and RESA recommend that AEP Ohio's proposed
11 Modified ESP be amended as set out in this testimony in order to further the development
12 of retail competition and provide for a robust competitive market.

13 **Q9. Are there aspects of the Modified ESP that Direct Energy and RESA support?**

14 **A9.** Yes, the Modified ESP maintains the tariff structure currently in place by having an Ohio
15 Power and a Columbus Power zone. Thus, merging the two utilities but not transferring
16 cost responsibilities between the customers in the two zones. The Modified ESP also
17 calls for divesting the generation from the electric distribution utilities to an unregulated
18 affiliate. Direct Energy and RESA also applaud AEP Ohio's commitment to move to a
19 full requirements auction for standard service offer procurement no later than the June
20 2015 PJM year. Direct Energy and RESA support the Modified ESP's separation of the
21 alternative energy requirements from the fuel rider to offer greater transparency to
22 customers regarding their alternative energy costs. Finally, Direct Energy and RESA
23 support removing many of the current barriers to shopping listed in AEP Ohio witness

1 Roush's testimony, including elimination of the 90 day notice and the minimum stay
2 provisions.

3 **III. SUGGESTED AMENDMENTS TO THE MODIFIED ESP**

4 **Q10. Are there changes or additions to the Modified ESP that Direct Energy and RESA**
5 **would like incorporated into AEP Ohio's proposal?**

6 **A10.** While AEP Ohio has eliminated some barriers to shopping in its proposed Modified ESP,
7 a number of anti-customer choice aspects of the current standard service offer (SSO)
8 remain. The Commission should direct AEP Ohio to eliminate these anti-competitive
9 provisions. Specifically, the Commission should direct AEP Ohio to include the
10 following provisions in its tariff in order to provide for a robust competitive market:

- 11 **1) All shopping and non-shopping customers pay for capacity at RPM priced**
12 **rates, with the Commission retaining discretion to implement a capacity cost**
13 **recovery rider that ensures a reasonable rate of return for AEP Ohio.**
14

15 Direct Energy and RESA have intervened in the AEP Ohio capacity case, and I presented
16 testimony in that proceeding as to why RPM priced capacity is in the best interests of the
17 public. While the capacity case is still being conducted at the time this testimony is being
18 submitted, I assume the Commission will render its decision on what the proper State
19 Compensation Mechanism will be in that proceeding. If the Commission elects a State
20 Compensation Mechanism that differs from RPM based capacity, it will affect Direct
21 Energy and RESA's position in this proceeding. I will attempt to address some of those
22 contingencies later in my testimony.

- 23 **2) Ensure competitive retail electric supply ("CRES") customers are eligible for**
24 **funds collected through the economic development rider ("EDR").**
25

26 The purpose of economic development is to lift the general local economy for the benefit
27 of the whole of society. Needless to say, if there is an opportunity to increase

1 employment through the use of economic development funds, that opportunity should
2 extend to shopping and non-shopping customers alike. Excluding shopping customers
3 from receiving economic development funds is not only unduly discriminatory, but
4 interferes with the mission of the EDR rider to grow the local economy. The product
5 flexibility and efficient pricing inherent to competitive power combined with the EDR
6 benefits may create the greatest economic benefit for the community as a whole.

7 **3) Develop a secure, web-based system that will provide electronic access to key**
8 **customer usage and account data in a standard and generally accepted**
9 **format that can be accessed and downloaded by CRES providers that are**
10 **authorized to access the customer account.**
11

12 The Governor often speaks of “moving at the speed of business.” The energy business
13 today is largely conducted through electronic data exchanges. CRES providers, with
14 proper customer authorization, need electronic access to customer data and information to
15 quickly structure and price products so that customers have the greatest ability to take
16 advantage of market prices. Specifically, Direct Energy and RESA are requesting that
17 AEP Ohio establish a secure site in which a CRES provider can input a customer account,
18 SDI, and meter number in order to access specific account information. The information
19 should include (and not be limited to): 12 months of billed summary usage including
20 kWh billed, the peak kW of the billing period, the dates of the billing period, the site
21 address, the account’s utility assigned Capacity PLC and Transmission NSPL along with
22 effective dates, the utility assigned load profile, the utility assigned account rate class or
23 delivery class, the meter read cycle number, a meter type indicator, and an indication if
24 the account is on PIPP service with the utility. I have attached as Exhibit A to my
25 testimony a screen from such a web based customer information system so one can see
26 how these systems are set up.

- 1 **4) Guarantee that all energy efficiency programs, rebates, access to SmartGrid**
2 **meters, and SmartGrid data are available at the same terms and conditions**
3 **to all customers, regardless of whether they purchase generation service**
4 **from a CRES provider or take standard service.**
5

6 It is unclear from the application whether all energy efficiency and rebate programs as
7 well as access to GridSmart and GridSmart data will be available to shopping and non
8 shopping customers alike on an equal and competitively neutral basis. It is a matter of
9 basic fairness for shopping customers and standard service customers to be treated the
10 same for these utility funded service enhancements and the Commission's order in this
11 case should state that explicitly.

- 12 **5) Reduce or eliminate the fee customers are charged for switching to**
13 **competitive service.**
14

15 AEP Ohio's switching fee is the highest among the Ohio electric distribution utilities.
16 The cost has never been justified. If the Commission is willing to give a rate stabilization
17 rider to AEP Ohio to assure its financial well being, then barriers to shopping such as
18 high switching fees should be removed.

- 19 **6) Implement functional Rate Ready and Bill Ready billing as soon as**
20 **commercially and reasonably practicable.**
21

- 22 **7) Implement a Purchase of Receivables ("POR") program similar to the**
23 **program adopted in the Duke ESP and used in the Ohio Gas Markets.**
24

- 25 **8) Implement supplier consolidated billing ("SCB") with utility shutoff**
26 **including agreement from AEP Ohio to hold stakeholder discussions to**
27 **reach consensus on the major issues such as how to address customer**
28 **termination/shut off under an SCB.**
29

- 30 **9) Hold annual meetings or conference calls with registered CRES providers to**
31 **discuss supplier coordination issues affecting CRES providers, including but**
32 **not limited to, CRES consolidated billing.**
33

34 Requiring AEP Ohio to remove the above barriers to shopping and to provide additional
35 data and information will allow CRES providers to offer better products and services to

1 their customers and will serve to create a robust competitive market for electricity
2 generation.

3 **IV. ISSUES WITH THE PROPOSED CAPACITY RATE**

4 **Q11. Can you summarize how Direct Energy and RESA believe capacity should be**
5 **treated in the Modified ESP?**

6 **Q11.** As described in my testimony in the Commission ordered proceeding to set a State
7 Compensation Mechanism (Case No. 10-2929-EL-UNC), the AEP Ohio capacity fee
8 should be a single, transparent RPM based price. To the extent that the Commission
9 believes a stability charge is necessary to support AEP Ohio in its transition out of the
10 FRR paradigm and into the RPM auction, the Commission should approve additional
11 recovery of costs and revenues through a non-bypassable RSR rider charged to shopping
12 and non-shopping customers alike. If the Commission elects a higher capacity fee than
13 RPM, then AEP Ohio will experience higher revenues and a smaller RSR rider would
14 apply.

15 **Q12. What are the problems with the AEP Ohio approach to a capacity price?**

16 **A12.** In the State Compensation Mechanism proceeding, AEP Ohio proposed a single capacity
17 cost which exceeded the RPM price by several multiples. Direct Energy and RESA felt
18 that the price proposed by AEP Ohio was excessive when compared to the market price
19 of capacity and that a single, market based capacity price structure for shopping
20 customers is necessary to provide clear and transparent prices. In the matter at bar, AEP
21 Ohio has proposed a capacity pricing approach with a tier structure similar to the rejected
22 stipulation in which the amount of customer load eligible for the lower-priced capacity
23 tier (Tier 1) price increases annually until it reaches 100% in June 2015. While such a

1 structure does transition to competitive capacity pricing over time, it also creates layers of
2 complexity. Further, customers on either side (shopping or non-shopping) may be
3 unfairly subsidizing AEP Ohio. Thus, while RESA did agree to such a design as part of
4 the stipulation previously submitted in this case, considering the benefits of the
5 stipulation as a whole, the customer backlash and confusion that resulted from the tiered
6 system leads RESA to believe that the public will benefit from the simplicity of a single
7 tier with a single capacity price. A single tier, single price based on publicly available
8 RPM auction information also eliminates the winners and losers that result when a lower
9 price capacity cost is allocated for just some customers. Today, CRES providers,
10 customers, AEP Ohio, and the Commission are using the two tier approach and the
11 results are significant customer confusion around simply trying to understand what rate
12 structure they are under. Further, CRES providers, until very recently, have not been able
13 to verify which of their current customers are in which tier and still cannot easily identify
14 this fact when pricing potential customers. Finally, CRES provider capacity invoices do
15 not break out load by the individual tiers and there are ongoing disagreements regarding
16 where a customer stands in queue. Such problems for both AEP Ohio and CRES
17 providers can be eliminated by using a uniform, single tier capacity price based on
18 prevailing RPM prices.

19 **Q13. Does Direct Energy and RESA support AEP Ohio's proposed Rate Stability Rider**
20 **("RSR")?**

21 **A13.** Direct Energy and RESA support the concept of a RSR as a general principal, but not the
22 construct proposed by AEP Ohio. Direct Energy and RESA support RPM based capacity
23 pricing, with a non-bypassable RSR rider to collect additional revenues to the degree that

1 the Commission determines additional revenues are needed. Direct Energy and RESA
2 take no position as to the specific amount of the RSR rider but generally recommend that
3 the RSR be set at a level that allows AEP Ohio's total revenue from its regulated
4 services, in the aggregate, to cover its prudently incurred costs and provide for a
5 reasonable return.

6 **Q14. Do Direct Energy and RESA agree with the Capacity Set Aside Allotment rules as**
7 **proposed by AEP Ohio Witness Allen?**

8 **A14.** No, as noted above Direct Energy and RESA support a single capacity rate based on the
9 RPM price – the same structure as Duke, FirstEnergy and Dayton Power and Light. With
10 a single tier, no allotment mechanism is required. If the Commission does adopt a tiered
11 pricing approach, Tier 1 pricing should be set at the prevailing RPM price and not frozen
12 at the 2012/2013 price as AEP Ohio proposes. In addition, the customer marketing lists
13 that AEP Ohio prepares, as well as customer bills, must clearly show which tier a
14 customer is in so that the customer receives accurate marketing, pricing, and invoicing.
15 In addition, customers and CRES providers must have advance notice of where a
16 particular customer stands in the queue to receive RPM priced capacity, including the
17 amount of load in front of the customer. AEP Ohio must also differentiate the load and
18 price for each tier on the CRES capacity invoice to allow CRES providers to verify
19 proper calculation of the invoice.

20 **Q15. If the Commission rejects the RESA and Direct Energy position of a universal RPM**
21 **price based on RPM for all customers, are there criteria that RESA and Direct**
22 **Energy would advise the Commission to consider?**

1 **A15.** Yes. Thousands of residential, commercial, and industrial customers contracted for
2 power with CRES providers in good faith and assuming that they would receive RPM
3 pricing for capacity based on the Stipulation originally approved by the Commission. It
4 is rational to conclude that even the customers who signed contracts with the
5 understanding that they would initially be in Tier 2 pricing, did so with the reasonable
6 expectation of moving to RPM pricing within the ESP period either in anticipation of an
7 increased percentage of Tier 1 eligible load in 2013 and 2014 or because of the
8 Commission's very well publicized order in the 10-2929 case that indicated that the
9 approved State Compensation Mechanism for capacity pricing would return to prevailing
10 RPM prices as of June 1, 2012. Without question, these customers should be held
11 harmless for doing little more than exercising their right to choose their electric supplier
12 under contract terms that were initially approved and endorsed by the Commission.
13 These customers should receive RPM pricing through the entirety of the ESP period. If
14 the Commission feels compelled to implement a separate tier of above-market priced
15 capacity for CRES customers then it should be limited to customers that select a CRES
16 provider after today. In other words, if there are to be two distinct capacity price tiers, all
17 customers who are shopping with a CRES provider as of today should receive capacity
18 priced at the prevailing RPM price and customers who shop in the future should receive
19 capacity at a Commission approved rate. Under this approach, customers who contract
20 with a CRES provider get the benefits of the contract they bargained for based on the
21 regulations in place at the time they enter the contract. That is to say, customers that
22 entered contracts under the approved Stipulation will get the prevailing RPM capacity
23 price as endorsed by the Commission at that time and customers who switch today or

1 later will get capacity priced based on uncertainty in the market and with the
2 understanding that a Commission established State Compensation Mechanism is under
3 consideration.

4 **Q16. Would Direct Energy and RESA support the shopping credit alternative discussed**
5 **and rejected by AEP Ohio?**

6 **A16.** Direct Energy and RESA do not support the shopping credit as it is proposed by AEP
7 Ohio because applying the credit does not bring the customer to an RPM based price for
8 capacity. Rather than try to address the damage done to certain customers and to
9 shopping generally because of the capacity price or other tariff cost component with a
10 credit, Direct Energy and RESA believe that the cost component itself should be
11 addressed. So if credits are needed because the capacity cost will prohibit shopping,
12 change the capacity cost rather than apply a credit. Further, the credit as proposed has the
13 problem of being limited and rationed on a first-come-first served approach, which is
14 simply another confusing process for customers.

15 **Q17. Do Direct Energy and RESA support the Generation Resource Rider (“GRR”)**
16 **proposed in the Modified ESP?**

17 **A17.** No. While Senate Bill 221 arguably allows for rate payer-funded new built generation,
18 there are numerous requirements that must be met before such costs could be
19 implemented. Despite the fact that AEP Ohio is proposing the GRR initially be set at
20 zero, and will only collect costs if the new build generation is approved in a separate
21 proceeding, AEP Ohio is also asking that the Turning Point Solar facility be approved for
22 recovery in rider GRR in this case (again with costs determined in another case).

1 Direct Energy and RESA believe this request is at best premature and at worst
2 inappropriate. Shopping customers will be paying for renewable energy through their
3 CRES provider, so if the GRR is put in place on a non bypassable basis the benefits of
4 the renewable energy credits will have to be allotted, and done so in a manner so that the
5 alternative energy suppliers contracting with the CRES provider are not harmed.

6 Direct Energy and RESA believe that the discussion of Turning Point is also premature
7 because the Commission should not be asked to approve the costs of the Turning Point
8 Solar through the GRR until the full details of those costs are disclosed and considered.
9 Further, the Turning Point application must have the proper dedication and be subjected
10 to competitive bidding to assure efficiency. Given the number of unanswered questions
11 surrounding the Turning Point Solar, and any facility whose costs AEP Ohio wishes to
12 collect through the GRR, Direct Energy and RESA urge the Commission to reject rider
13 GRR. In the alternative, the Commission should do no more than establish the rider
14 GRR, but set it at zero and leave any incorporation of the Turning Point Solar or other
15 facilities to the case where cost is determined.

16 **V. CUSTOMER INFORMATION AND DATA INTEREXCHANGE**

17 **Q18. Earlier in your testimony, you asked that AEP Ohio provide a secure, web based**
18 **customer information system. What is AEP Ohio doing today in terms of providing**
19 **CRES providers with needed information?**

20 **A18.** Currently, a CRES supplier receives customer data from AEP Ohio in three forms. The
21 forms include: the eligibility list or what AEP Ohio calls the "Pre-Enroll List", EDI
22 transactions, and emailing from the AEP Ohio help desk (i.e. supplier support) for
23 updated and missing information. All three forms are used to provide customer data

needed by a CRES to portray an accurate price to a customer and to service accounts. However, no single form provides all the information. That is why RESA and Direct Energy are asking for a single, web based system.

Q19. How long will it take to put such a web based system together?

A19. Direct Energy and RESA realize that the development of a web-based tool can take time and expense and also realize that suppliers need certain data in order to be able to provide a price to a customer. With that said, Direct Energy and RESA are asking that a web-based tool could be completed and in beta form by December 31, 2013 so suppliers have the ability to enter a testing phase with AEP Ohio, with the expectation that the tool is released by May 31, 2014 for public consumption. Given this outlook on the web-based tool development, we expect that AEP Ohio will address the issues with the other data delivery mechanisms (EDI, eligibility list, usage report/files) by August 31, 2012 with appropriate communication to suppliers that changes were incorporated.

Q20. What could be done in the interim to more efficiently provide CRES providers with information while we await a web based system?

A20. AEP Ohio could do the following: for EDI transactions (i.e. 867 files that a supplier receives from AEP), it could add Capacity PLCs and Transmission NSPLs along with their effective dates, the rate class, the load profile (if applicable), the meter read cycle number, and an indication if the account is on PIPP service. For the "Pre-Enroll List" they could add Capacity PLCs and Transmission NSPLs (which Direct Energy and RESA understand AEP Ohio is now contemplating), also including the effective dates for these items. For the usage file or report that is returned to a supplier via email, AEP Ohio could add the effective dates for the Capacity PLCs and Transmission NSPLs, the load profile (if applicable), the meter read cycle number, the meter type, and an indication if

1 the account is on PIPP service. All Direct Energy and RESA are asking for here is to
2 make each acquisition method return uniform information to a supplier that does not
3 differ or contain incomplete information.

4 **Q 21. Are there other data requirements AEP Ohio should provide?**

5 **A 21.** Yes. AEP Ohio should be required to provide regular “sync” lists to CRES providers.
6 These lists are used by CRES providers to ensure the information in our systems matches
7 the information in the utility system and to correct any discrepancies before they can
8 become errors for the customers. In addition, we are only just starting to see increased
9 competition in the AEP Ohio territory. As CRES providers enter and the market
10 develops there will be changes or issues that arise over time. To address this many
11 utilities conduct quarterly or annual meetings with the CRES providers in their service
12 territories. These meetings act as a forum for CRES providers to express concerns, ask
13 questions or ask for changes. Additionally, they are a forum for utilities to announce
14 changes, inform CRES providers of issues the utility is seeing and ultimately keep the
15 market moving forward. Direct Energy and RESA recommend that AEP Ohio hold these
16 meetings annually and if more frequent meetings are necessary additional meetings be
17 held as needed.

18 **Q22. Are there other proposed riders in the Modified ESP that Direct Energy and RESA**
19 **would like to change or oppose?**

20 **A22.** Yes. There are several riders in the modified ESP which may appear to create a
21 disadvantage for customers who switch to a CRES provider now and in the future. Given
22 that these riders are non-bypassable, Direct Energy and RESA would like the
23 Commission to ensure that all customers who pay for the riders can also benefit from the

riders while still receiving CRES service. These riders include Rider EDR, which I discussed earlier, GridSmart and potential future smart meter roll out plans under DIR. Direct Energy and RESA would like to ensure that while a customer is receiving CRES service, it also has the ability to enter into reasonable arrangements funded by Rider EDR. In addition, Direct Energy and RESA support the roll out of smart meter technology and encourages this technology and data be made available to all customers as soon as possible. However, Direct Energy and RESA also would like the Commission to be clear that access to data and smart meter technology if paid for by all customers through riders such as GridSmart or DIR is available to all customers and their CRES providers on a non-discriminatory basis.

VI. PURCHASE OF RECEIVABLES AND BILLING OPTIONS

Q23. Earlier in your testimony, you indicated that AEP Ohio should implement a purchase of receivables program. Please explain why that is desirable.

A23. First, let me state that a simple review of switching statistics on the natural gas side and on the electric side behind Duke Energy Ohio clearly demonstrates that where a purchase of receivables ("POR") program is in place there are many suppliers making multiple residential offers. A POR program provides customers not only with a single bill, but more importantly with a single collection point. Under AEP Ohio's current process, the customer may still receive a single bill from AEP Ohio and with the AEP Ohio waiver must pay CRES charges to avoid disconnection. However, if payment is not made or is made only partially, a CRES provider only sees the portion applied to CRES charges. As customer arrearage grow over time the CRES provider has no ability to verify if the funds being sent by the utility are being applied appropriately.. In addition, payment plans,

1 such as paying one-sixth and one-ninth of the past due amount, will continue to increase
2 CRES arrearages for the customer. Finally, an even more confusing and impractical
3 result occurs where the customer in arrears leaves the CRES provider and returns to
4 utility service so that the CRES charges no longer appear on the customer's bill, but the
5 customer instead enters into separate collection with the CRES provider. This not only
6 means making a separate payment to the CRES provider (the exact opposite benefit the
7 single bill was to provide) but also leaves the customer dealing with two entities
8 attempting to collect for past due electricity service—the CRES provider and the EDU.
9 This outcome is not only confusing and harmful to a customer that cannot pay its bills,
10 but it is inefficient and costly for the CRES provider and the EDU.

11 **Q24. Are there any instances where a customer now that is falling behind in payments**
12 **does not face two collection efforts one for power and one for utility service?**

13 **A24.** Yes, if the customer remains current on payment arrangements. As I mentioned earlier,
14 in Case No. 11-5544-EL-WVR AEP Ohio asked for and received a waiver so that it could
15 collect past due amounts owed to CRES provider in a payment arrangement and could
16 include CRES-owed arrearages in disconnection notice amounts. Payment arrangements
17 are a device to avoid customer shut off by allowing customers more time to catch up with
18 a past due amount. In a payment arrangement AEP Ohio does the collection and if the
19 customer fails to pay and breaks the payment arrangement they face shutoff. POR is just
20 one step away from the existing payment arrangement in that AEP Ohio would continue
21 to include CRES arrearages in payment arrangements and disconnection. However, the
22 key piece is that if a customer breaks their payment arrangement or is shutoff today the
23 customer faces collection with two separate entities. Under POR the customer who is

1 shutoff would still only have to work with a single entity which is AEP Ohio. Again,
2 AEP Ohio is the only entity that actually sees all of the payment information needed for
3 collection including the total amount paid on a bill and how it was applied to each portion
4 of the bill. Without POR a customer disputing a collection would still need to prove to
5 their CRES provider that the utility mis-applied a payment. With POR, the customer and
6 the utility would interact and both the utility and the CRES provider would have the
7 amount paid and how it was applied.

8 **Q25. Are there other advantages to a POR program?**

9 **A25.** From an efficiency prospective a customer has to undergo only one screen for credit,
10 and have only one deposit if there are credit issues. A POR simplifies enrollment and
11 expands the potential for lower income residential customers to shop. Finally, if a tracker
12 mechanism is used for bad debt, as is the case in Duke and the major gas utilities in Ohio,
13 the bad debt amount now unspecified in AEP Ohio's base rates would become known.
14 With a bad debt tracker only the exact bad debt is charged off to the paying customers.

15 **Q26. How should the POR program be designed?**

16 **A26.** AEP Ohio should not reinvent the wheel. Ohio has implemented a successful POR
17 structure with uncollectible rider for bad debt recovery that has worked well for years.
18 There are several good models now in use by Ohio utilities. All have three basic
19 components. The CRES provider schedules and supplies all the power required by the
20 shopping customer as is done now. The EDU then meters and bills the customer in a
21 single consolidated bill as is generally done today by AEP Ohio for many if not most of
22 its shopping customers. Then instead of AEP Ohio allocating the payments when they
23 come in, AEP Ohio buys the receivable from the CRES provider and collects and keeps

1 all the customer payment. In all Ohio utilities with POR (both gas and electric) no
2 distinction then is made between money owed for wire service or power and bad debt is
3 addressed in a bad debt tracker. The program I am describing is now in place for Duke
4 Energy Ohio as well as for all of the major Ohio gas utilities and has been very successful
5 in creating a glide path for many suppliers and offers to residential and small commercial
6 customers.

7 **Q27. Are there other billing options which would increase competition?**

8 **A27.** Yes. There are two. First, in addition to POR AEP Ohio should open a separate
9 workshop to discuss supplier consolidated billing with utility shutoff for CRES
10 receivables. The utility billing system is not designed to move quickly with changing
11 market options and products for customers. In order to bring a greater variety of products
12 to the market, suppliers should have the option of taking on the entire utility bill for
13 customers. By doing this the supplier can bring new products quickly while still
14 maintaining a single bill and collection point for customers. Similar to POR, however,
15 without the utility's ability to shutoff for CRES receivables the same issues as with utility
16 single bill without POR exist for supplier consolidated billing without shutoff. Second,
17 while supplier consolidated billing with shut off will take time to discuss and work out a
18 plan given data would move from the CRES provider to the utility (reverse of today), in
19 the meantime the utility has the ability to allow for bill ready billing. Bill ready billing
20 will allow for some ability of the supplier to calculate a bill based on different products
21 outside of what the utility rate ready system can accommodate. AEP Ohio should be
22 required to implement bill ready billing with POR as soon as possible. AEP Ohio should

1 implement supplier consolidated billing as soon as possible with discussion on how to
2 incorporate utility shutoff when the consolidated bill is issued by a CRES provider.

3 **VII. SWITCHING FEES**

4 **Q28. Are there other system related issues Direct Energy and RESA would like to see**
5 **changed?**

6 **Q28.** Yes. AEP Ohio currently has a switching fee that is double that of other utilities. I have
7 attached a list of the switching fees this Commission has authorized for other electric
8 distribution utilities. Direct Energy and RESA suggest that AEP Ohio's fee be reduced to
9 \$5, an amount similar to other utilities. If AEP Ohio's costs to switch are in fact
10 significantly higher than other utilities, a review of those costs should occur to ensure the
11 switching fee does not become a barrier to shopping. Even with current residential offers
12 on the PUCO Apples to Apples Chart, a \$10 switching fee could equate to an entire
13 month's savings for a residential customer.

14 **VIII. CONCLUSION**

15 **Q29. Could you summarize the Direct Energy and RESA proposal in the proceeding?**

16 **A29.** Direct Energy and RESA request that the Commission approve the Modified ESP
17 application only if the following amendments are made. First, the capacity cost should be
18 a single tier, at a single price for all customers. That price should be based on the RPM
19 annual auction price scaled up for the local costs as is done by PJM. Second, AEP Ohio
20 should be directed to make the electronic data requested by the CRES provider available
21 in a suitable electronic format as I have described in my testimony. AEP Ohio should
22 also have regular meetings no less than annually with CRES providers to update CRES
23 providers on system changes and receive feedback from CRES providers on issues in the

1 market. Currently, FirstEnergy and Illinois utilities hold these meetings. They are a
2 venue for CRES providers and the utility to work out kinks in the system regularly rather
3 than wait three years for another ESP or instead for CRES providers to file a complaint
4 case. AEP Ohio should be required to provide sync lists at least quarterly to CRES
5 providers to ensure customer data on both sides is accurate. AEP Ohio's switch fee
6 should be reduced to \$5. Finally, AEP Ohio should be required to implement a POR
7 program and allow for supplier consolidated billing as soon as practical.

8 **Q30. Does this conclude your testimony?**

9 **A30.** Yes.

Exhibit XX

Example of Customer Information Provided via a Web-Based Tool

Account Name	Example Ohio Company	
Account Number	7912386102	
SDI Number	00140070727688883	
Meter Number	0123456789	
Site Address	3335 James Road	
	Minerva, OH 44657-9767	
Meter Read Cycle Number	14	
Rate Class	GS-3	
Load Profile	GS3U	
Meter Type	Summary	
PIPP Indicator	No	Effective Dates
		From To
Capacity PLC	85.8	6/1/2011 5/31/2012
Future Capacity PLC	83.2	6/1/2012 5/31/2013
Transmission NSPL	86.8	1/1/2012 12/31/2012

From	To	Days	Total kWh	On Peak kWh	Off Peak kWh	Actual Peak kW	Billed kW
3/16/2012	4/15/2012	29	36,500			77.8	77.8
2/15/2012	3/16/2012	31	36,000			75.2	75.2
1/15/2012	2/15/2012	30	37,000			76.3	76.3
12/15/2011	1/15/2012	30	35,000			75.1	75.1
11/16/2011	12/15/2011	29	34,000			74.8	74.8
10/15/2011	11/16/2011	31	34,000			74.8	74.8
9/15/2011	10/15/2011	30	35,000			75.3	75.3
8/15/2011	9/15/2011	30	40,000			73.9	73.9
7/15/2011	8/15/2011	30	43,000			90.2	90.2
6/16/2011	7/15/2011	29	42,000			88.7	88.7
5/15/2011	6/16/2011	31	38,500			85.3	85.3
4/15/2011	5/15/2011	30	37,500			80.2	80.2
3/15/2011	4/15/2011	30	37,000			78.5	78.5

Exhibit XY
Comparison of Customer Information Acquisition Options for a CRES
Utility: AEP Ohio

	Latest 12 months kWh	Latest 12 months kW	Associated Meter Read Dates	Capacity PLC	Trans NSPL	Effective Dates for PLC/NSPL	Rate Class	Load Profile	Meter Read Cycle Number	Meter Type	PIPP Indication
MCL (Eligibility List) Data	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes
EDI (867 return, Summary Metered Account)	Yes	Yes	Yes	No	No	No	No	No	No	Yes	No
Interval Data Request Return Files (EDI & Non EDI)	Yes	Yes	Yes	No	No	No	No	N/A	No	No	No
Usage Report/File from Supplier Services Received via Email	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 4th day of May, 2012 by electronic mail, upon the persons listed below.



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