

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

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**DIRECT TESTIMONY OF  
VINCENT PARISI**

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On behalf of Interstate Gas Supply, Inc.

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

2    **Q.     Please introduce yourself.**

3    A.     My name is Vincent Parisi. I am employed by Interstate Gas Supply, Inc. (“IGS”) as its  
4           General Counsel and Regulatory Affairs Officer. My business address is 6100 Emerald  
5           Parkway, Dublin, Ohio 43016.

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

7    A.     The purpose of my testimony is to demonstrate that Ohio Power Company d/b/a AEP  
8           Ohio (“AEP”) should charge PJM RPM market-based capacity rates to CRES suppliers.  
9           However, if the Commission determines that AEP should be allowed to charge above-  
10          market capacity rates to CRES suppliers, in order to ensure retail competition can  
11          continue to develop in the AEP service territory, then the above-market capacity rates  
12          should not be significantly higher than market rates. Further, in order to offset the  
13          damage done to competitive markets that would result from charging CRES providers  
14          above market capacity, AEP should adopt a number of measures that promote  
15          competition including a purchase of receivables program, retail auctions and the  
16          elimination of minimum stay requirements in its tariff.

17   **Q.     Will you be offering specific recommendations with respect to AEP’s ESP**  
18   **Application?**

19   A.     Yes. In my testimony, I recommend a number of modifications to AEP’s ESP proposal  
20          that should be adopted in order for AEP’s application to meet its statutory burden for  
21          approval by the Commission. The following is a summary of my recommendations:

- 22          • In Case No. 10-2929-EL-UNC (“Capacity Case”) AEP proposed to charge  
23           competitive retail electric service (“CRES”) suppliers \$355 per MW day for capacity.

1           Additionally, in its ESP application AEP has proposed charging CRES suppliers \$146  
2           per MW day for capacity for a limited number of customers in each customer class  
3           and \$255 per MW day for the remaining customers in each customer class. AEP's  
4           proposed capacity charges in the Capacity Case and this ESP proceeding are  
5           dramatically greater than the market rate for capacity that CRES suppliers receive  
6           from the PJM RPM auctions. Accordingly, AEP's proposed above-market capacity  
7           charges for all customers should not be approved.

- 8           • If the Commission approves a capacity charge for all customers greater than the PJM  
9           RPM auction prices in the Capacity Case or this ESP proceeding, a two-tiered  
10          capacity structure should not be considered during AEP's ESP period, or at the very  
11          least, the first tier should be significantly expanded. Charging a second tier of  
12          customers a capacity charge even greater than the above-market capacity charge AEP  
13          receives from first tier customers would be nothing more than a financial windfall for  
14          AEP at the expense of shopping customers and competitive markets. Further  
15          aggregation customers should not be included in calculation to determine the  
16          availability of the first tier of capacity in order to give residential customers the  
17          opportunity to experience the benefit of shopping.
- 18          • The Commission should require AEP to adopt a purchase of receivables program  
19          ("POR") and a retail auction to serve part of AEP's default service load. Such  
20          programs should be adopted to facilitate the development of competitive retail  
21          electric markets in the AEP service territory. Further, such programs could  
22          counteract the anti-competitive effects on the retail electric markets that would be

1 created if AEP is authorized to charge CRES suppliers above-market capacity prices  
2 for shopping customers.

- 3 • AEP's tariff requires certain minimum stay provisions for residential, commercial and  
4 industrial classes. These artificial barriers to customer shopping are detrimental to  
5 competitive markets and should be removed.
- 6 • AEP's proposal for a non-bypassable Rider GRR charge to recover the costs of  
7 AEP's renewable generation projects, including the Turning Point solar generation  
8 project, should not be approved. Such a charge benefits the default service customer  
9 class at the expense of shopping customers and it would be an unwarranted cross-  
10 subsidization impermissible under Ohio law. If AEP is permitted to recover the cost  
11 of its alternative generation projects through a non-bypassable rider, shopping  
12 customers should at least receive the benefits of the RECs and energy generated from  
13 the alternative generation projects.

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

15 A. I received a Bachelors degree in Economics from The Ohio State University in 1997. I  
16 received a Juris Doctorate, magna cum laude, from Capital University Law School in  
17 2000 and an LLM in Business and Tax from Capital University in 2001. I am a member  
18 of the Ohio Bar and the Federal District Court for the Southern District of Ohio. I have  
19 worked on energy-related matters since 1999, initially with the law firm of Chester  
20 Willcox & Saxbe. While in private practice, I also focused on federal bankruptcy work  
21 for businesses, with an emphasis on bankruptcy proceedings on behalf of both debtors  
22 and creditors. I also worked on general corporate matters and business litigation. In  
23 2003, I accepted the position of General Counsel and Credit Officer for IGS. From 2003

1 to 2011, my duties included overseeing the Credit, Collection and Risk department. In  
2 2005, my title was revised to recognize my role as Regulatory Affairs Officer. As  
3 Regulatory Affairs Officer at IGS, I have participated in numerous utility commission  
4 proceedings throughout the United States. As such, I have had the opportunity to observe  
5 the transition of a number of gas and electric utilities to competitive markets and am  
6 familiar with the processes and procedures that facilitate a successful transition.

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

8 A. IGS is an active participant in the competitive energy markets in Ohio and other states. In  
9 Ohio, IGS is currently serving electric customers in the AEP, Duke Energy Ohio and the  
10 Dayton Power & Light service territories. IGS is also a certified competitive retail natural  
11 gas ("CRNG") service provider in Ohio, serving customers in the Duke, Vectren,  
12 Dominion East Ohio and Columbia territories. IGS has over 22 years' experience serving  
13 customers in Ohio competitive markets. IGS also provides natural gas and electric service  
14 to nearly 1 million households and businesses in 11 states and over 30 utility programs.

15 **II. AEP'S CAPACITY PROPOSAL**

16 **Q. Please explain AEP's proposal with respect to capacity charges.**

17 A. In its most recent ESP filing, AEP proposes to charge CRES suppliers \$146 per MW day  
18 for capacity for a limited percentage of shopping customers; for customers that shop  
19 above that percentage threshold, AEP proposes to charge CRES suppliers \$255 per MW  
20 day. For the remainder of my testimony, I will refer to the lower priced capacity as Tier 1  
21 capacity and the higher priced capacity as Tier 2 capacity. Under AEP's proposal, the  
22 percentage of customers that would be eligible for Tier 1 capacity would increase from  
23 21%, 31% and 41% in 2012, 2013 and 2014 through May 31, 2015, respectively.

1   **Q.    Do you believe AEP's proposed capacity charges to CRES suppliers are reasonable?**

2   A.    No I do not. I will defer to the testimony filed in Case No. 10-2929-EL-UNC objecting  
3       to AEP's capacity "cost" calculation by IGS witness Ray Hamman and many other  
4       parties for an explanation as to why it is unreasonable for AEP to price capacity for  
5       CRES suppliers above RPM market prices. As Mr. Hamman testified, the reasonable  
6       price for capacity is the market price for capacity which is the PJM RPM price. AEP is  
7       proposing to charge customers significantly more than the market price for capacity. As  
8       of June 1, 2012, it is my understanding that the PJM RPM price for capacity is  
9       approximately \$21 per MW day. Accordingly, AEP is asking for 7 times the market price  
10      of capacity for Tier 1 capacity and nearly 12 times the price the market price of capacity  
11      for Tier 2 capacity. This would result in a financial windfall for AEP.

12   **Q.    How is AEP's current ESP proposal different than the Commission's interim**  
13       **capacity plan now in effect for AEP?**

14   A.    Under the interim capacity plan approved in the Entry issued on March 7 in the Capacity  
15       Case, AEP is authorized to charge CRES suppliers for 21% of customers (excluding  
16       aggregation) the \$146 per MW day Tier 1 capacity charge and for all customers above  
17       the 21% threshold the \$255 per MW day Tier 2 capacity charge. \$146 per MW day is  
18       roughly the current RPM price for capacity. However, this interim capacity pricing  
19       mechanism is only in effect until May 31, 2012, at which point AEP must charge CRES  
20       suppliers RPM-priced capacity for all customers. On June 1, 2012, the RPM price for  
21       capacity is reduced to \$21 per MW day. Given this, it is logical to assume that many  
22       CRES suppliers would have factored this price into their pricing to customers after June  
23       1, 2012. If AEP charges CRES suppliers above the \$21 per MW day RPM price (as AEP

1 is proposing in its ESP) capacity prices to CRES suppliers will be much higher than  
2 anticipated, significantly increasing prices to shopping customers, causing otherwise  
3 competitive contracts to be terminated, or forcing suppliers out of the market. Therefore,  
4 if AEP is authorized to charge CRES suppliers higher priced capacity, then customers  
5 anticipating market-based capacity costs will not enjoy such market-based rates, likely  
6 resulting in terminated contracts or increased prices. The result in the change from the  
7 interim capacity proposal to AEP's ESP capacity proposal is that existing shopping  
8 customers would pay more for electricity.

9 **Q. Will adopting AEP's capacity proposal adversely impact CRES suppliers' ability to**  
10 **offer competitive pricing to customers throughout the ESP period?**

11 A. Yes. As I have already noted, even \$146 per MW day Tier 1 capacity is significantly  
12 more than the market price for capacity. Adopting such a high price for capacity will  
13 make it very difficult for suppliers to offer competitive pricing for the entire ESP period.  
14 Added to this is the fact that after Tier 1 capacity limits are reached, CRES suppliers  
15 must pay an even higher Tier 2 price for capacity. While I cannot predict the future of  
16 AEP migration, it is logical to conclude that adopting AEP's proposal will severely limit  
17 the amount of shopping that occurs in the AEP service territory throughout the ESP  
18 period. Further, there could be a longer-term chilling effect on competition, as customers  
19 that have already ventured out into the competitive market and selected a supplier and  
20 contract could have it taken away as a result of unanticipated higher capacity costs.

21 **Q. Besides constraining CRES suppliers' ability to offer competitive pricing in the**  
22 **future, what other negative impacts will AEP's proposal have on competitive**  
23 **markets?**



1 A. It is common practice in the energy market for customer contracts to include a right to  
2 terminate a customer or pass through the cost to customers of unanticipated increases  
3 resulting from regulatory or legislative changes. If AEP charges higher than RPM-priced  
4 capacity prices, I believe many of the contracts customers have entered could result in  
5 either termination or alteration of the price. If the AEP capacity rates are increased so  
6 that CRES suppliers will be required to pay higher than RPM rates for their current  
7 customers, CRES suppliers could face a scenario where, depending upon the terms of the  
8 contract, they would either have to serve customers at near or below cost under the  
9 current contract price, terminate the contract or alter the price. As such, it is likely some  
10 suppliers will either terminate their customer contracts, or if they are able to do so, pass  
11 on the increased cost to customers instead of sustaining the losses. This will have a  
12 negative impact on the customer shopping experience, particularly for those customers  
13 that are new to shopping. In the future, customers may be less willing to shop because of  
14 the uncertainty in pricing they experienced if AEP's capacity prices are raised above  
15 market. In essence, the entire experience could significantly chill future customer  
16 shopping.

17 **III. TIERED CAPACITY PRICING**

18 **Q. Please explain the current Capacity Case ongoing at the Commission and how it is**  
19 **relevant to this proceeding.**

20 A. As I noted earlier, in the Capacity Case, AEP proposed charging CRES suppliers for all  
21 customers a \$355 per MW capacity charge. In this ESP case, however, AEP has  
22 proposed a two-tier capacity approach with \$146 per MW day and \$255 per MW day  
23 charge for each of the respective tiers. The Capacity Case has an expedited procedural

1 schedule and it is highly likely that the Capacity Case will be resolved before this  
2 proceeding. While IGS, and many other parties, strongly advocated for RPM market-  
3 based capacity pricing for all customers in both proceedings, it is possible that the  
4 Commission will adopt a capacity charge for CRES suppliers in the Capacity Case that  
5 conflicts with the two-tiered capacity approach which AEP has proposed in the ESP.  
6 Therefore, any outcome of the Capacity Case will necessarily affect the outcome in this  
7 proceeding.

8 **Q. How should the Commission resolve the two proceedings to ensure that the**  
9 **outcomes are just, reasonable and do not contradict?**

10 A. The Commission should determine in the Capacity Case that the capacity rate AEP is  
11 entitled to receive from CRES suppliers is the RPM market-based capacity rate. As Mr.  
12 Hamman notes in his Capacity Case testimony, RPM market-based capacity represents  
13 the true cost of providing capacity to customers. After the Capacity Case is resolved, the  
14 Commission should then consider in this ESP proceeding whether a two-tiered approach  
15 to capacity pricing is reasonable. Because many issues are being addressed in the ESP  
16 proceeding, there are potential trade-offs that could enable AEP to collect additional  
17 revenues from above-market capacity prices in exchange for requiring AEP to undertake  
18 additional measures that are good for customers and that promote competitive markets.  
19 However, in the Capacity Case the only issue at stake is capacity price AEP can charge  
20 CRES suppliers. Therefore, allowing AEP to collect higher than market capacity  
21 revenues in the Capacity Case, without requiring anything from AEP in return, would  
22 represent nothing more than a financial windfall for AEP.

1   **Q.    Are there other reasons why the Commission should resolve the capacity issue in**  
2   **this ESP proceeding?**

3   A.    Yes. Allowing AEP to collect above-market capacity in the Capacity Case will  
4       dramatically weaken AEP's incentive to accept reasonable alternatives to its proposed  
5       ESP. Ohio law gives AEP the option to accept or reject in whole any modifications made  
6       to its ESP application by the Commission. If AEP receives above-market prices in its  
7       Capacity Case, AEP can simply reject all modifications to its ESP proceeding, and  
8       continue to collect above-market capacity prices from CRES suppliers.

9   **Q.    Are you open to the idea of allowing AEP to collect above-market capacity revenues**  
10   **in this ESP proceeding?**

11   A.    I believe that allowing AEP to charge above-market rates for capacity to any group of  
12       customers would restrict shopping in the AEP service territory and impact competitive  
13       markets. However, there are others measures that AEP could undertake that would be  
14       positive for customers and that could potentially offset some of the harm to competitive  
15       markets from above-market capacity charges. As discussed later in my testimony, those  
16       measures include implementing a purchase of receivables ("POR") program, retail  
17       auctions and the elimination of minimum stay provisions. If there is RPM-priced capacity  
18       available to a significant number of customers and AEP is required to adopt other  
19       provisions in its ESP that are beneficial to customers, such as POR programs and retail  
20       auctions (as opposed to wholesale auctions), and eliminate minimum stay requirements, it  
21       may be reasonable for AEP to receive above-market capacity payments for a limited  
22       number of customers, although even in this scenario the number of customers that should

1 be able to receive Tier 1 capacity should be much greater than what AEP proposes in its  
2 ESP.

3 **Q. If AEP is allowed to collect above-market capacity prices from CRES suppliers in**  
4 **the Capacity Case, should AEP be allowed to collect even higher capacity prices for a**  
5 **second tier of customers throughout the ESP period?**

6 A. No. Allowing AEP to collect above RPM-priced capacity from CRES suppliers in the  
7 Capacity Case would be a detriment to customers and discourage shopping. Adding a  
8 second tier of capacity prices, even higher than the above-market capacity prices that  
9 AEP is authorized to collect, would be an even greater barrier to shopping and an even  
10 greater departure from the fundamental principles of competition. If AEP receives a  
11 windfall in the Capacity Case through the establishment of above-market capacity prices  
12 for CRES suppliers, the Commission should not consider a second tier of capacity prices  
13 in this ESP that would effectively eliminate shopping opportunities for customers in the  
14 second tier.

15 **Q. If a tiered capacity approach is considered, how should it be structured?**

16 A. Any two-tiered capacity pricing should include RPM market priced capacity for Tier 1  
17 customers. In the initial settlement in the ESP case, AEP accepted market-based RPM-  
18 priced capacity for a certain percentage of customers, increasing over time. However, if  
19 the Commission determines that the appropriate capacity charge for migrated customers  
20 is something greater than the RPM capacity price, then the number of customers that can  
21 receive the capacity charge should not be limited. The rationale for the limits that existed  
22 in the previous settlement would no longer be relevant if the capacity costs allowed for  
23 AEP are above the market rate. As such, if the Commission determines that above-

1 market-based capacity rates are appropriate, then all customers who want to shop should  
2 be permitted to receive the same capacity rate.

3 **Q. Does AEP's two-tiered capacity pricing approach, as proposed, have merit?**

4 A. No, it does not. First, AEP's Tier 1 capacity pricing is not market based. AEP proposes  
5 Tier 1 pricing that it is seven times greater than RPM-priced capacity as of June 1, 2012.  
6 Second, AEP proposes availability of Tier 1 pricing that is too restrictive. AEP proposes  
7 a 21% threshold for availability of Tier 1 capacity and excludes aggregation customers  
8 from those thresholds only in 2012. In 2013, AEP proposes to raise the threshold to 31%;  
9 however, AEP proposes including in that threshold aggregation customers that were  
10 approved on or before the November 8, 2011 ballot. If aggregation customers are  
11 included in the Tier 1 pricing availability for 2013 and beyond, additional residential  
12 customers that wish to receive Tier 1 pricing will be prohibited from doing so. According  
13 to AEP witness Allen's Exhibits WAA-2 and WAA-4, the total connected residential  
14 load in the AEP territory for planning year 2012/13 is 14,616 GWh. The total load for  
15 aggregation customers that qualify for Tier 1 Capacity in 2012 is 2,903 GWh, which is  
16 roughly 20% of the total residential load. Accordingly, all that would be required for  
17 Tier 1 capacity to be oversubscribed in 2013 is 11% migration from the non-aggregation  
18 residential load. Any additional customers that wish to shop will be subjected to Tier 2  
19 capacity pricing which will effectively preclude any additional residential shopping  
20 during the ESP period because CRES suppliers will not be able to offer competitive  
21 pricing to Tier 2 customers. Further, the number of shopping customers in the  
22 commercial and industrial ("C&I") classes already exceeds the 21% Tier 1 threshold AEP  
23 proposes for 2012. Therefore, AEP's proposal will effectively eliminate additional

1 shopping for C&I customers for 2012 and severely restricting C&I shopping for the  
2 remaining portion of the ESP.

3 **Q. Does AEP's tiered capacity proposal create any other problems?**

4 A. Yes. In 2013, when aggregation is included in the bucket of customers that are eligible  
5 for Tier 1 capacity, it is very likely that Tier 1 capacity, at least for the residential class,  
6 will be oversubscribed on January 1, 2013. If this is the case, it is my understanding that  
7 under AEP's proposal, AEP will remove the percentage of customers that are  
8 oversubscribed in the Tier 1 capacity bucket, and place those customers in the Tier 2  
9 capacity bucket. Therefore, under AEP's proposal, many residential customers that are  
10 receiving lower priced Tier 1 capacity in 2012 will be forced to take much higher priced  
11 Tier 2 capacity in 2013. This scenario would create a number of problems for customers  
12 of CRES suppliers, including potential price shocks and customer confusion. Secondly,  
13 this scenario will make it very difficult for CRES suppliers to offer AEP residential  
14 customers a competitive price in 2012, because CRES suppliers will have no way of  
15 knowing whether the capacity cost for their customers will be the Tier 1 price or the Tier  
16 2 price. The practical effect of this capacity-price uncertainty is that CRES suppliers are  
17 likely to limit their offerings to residential customers in 2012, and any products that  
18 CRES suppliers do offer to customers are likely to be priced higher to account for cost  
19 uncertainty.

20 **Q. How should AEP's ESP tiered capacity proposal be modified if the Commission is to**  
21 **consider a tiered capacity price structure for AEP?**

22 A. If the Commission does accept a tiered capacity proposal, it should take numerous steps  
23 to mitigate the problems discussed above. First, Tier 1 capacity customers should receive

1 RPM-priced capacity throughout the ESP period. Second, thresholds for Tier 1 capacity  
2 should be raised 10% annually above what AEP has proposed, i.e., 31%, 41% and 51% of  
3 customers would receive Tier 1 capacity pricing in the years 2012, 2013 and 2014,  
4 respectively. Third, in order to ensure that residential customers will have shopping  
5 opportunities throughout the ESP period, and to protect against customers being thrown  
6 back into the Tier 2 capacity pricing bucket after 2013, all aggregation customers should  
7 be excluded from the established thresholds for Tier 1 capacity. Finally, a tiered  
8 capacity structure should end after 2014, at which time CRES suppliers should pay RPM  
9 market-priced capacity for all customers. These modifications would provide AEP with  
10 additional revenue from above-market priced capacity but also allow for additional  
11 migration in all customer classes throughout the ESP period. The modifications I  
12 proposed are also very similar to the tiered capacity structure AEP agreed to in its  
13 previous ESP proceeding before the Commission overturned the Order approving the  
14 stipulation in that proceeding.

15 **IV. MARKET ENHANCEMENT MECHANISMS**

16 **Q. Please explain the modifications to AEP's ESP that will benefit customers and**  
17 **enhance competitive markets?**

18 A. As I mentioned earlier in my testimony, I am proposing that AEP implement a purchase  
19 of receivables ("POR") program and retail auctions to procure portions of AEP's default  
20 service load. Also, I am proposing to eliminate AEP's minimum stay requirements.  
21 Finally, I am proposing to modify certain operational issues with AEP's customer  
22 enrollment procedures that can often be cumbersome and an impediment to customer  
23 shopping.

1   **Q.    Why are you proposing these mechanisms in this proceeding?**

2    A.    The outcome of this proceeding will greatly affect the direction of competitive markets in  
3           the AEP service territory. AEP has made a number of proposals that are detrimental to  
4           competitive markets. The benefits of a POR program and a retail auction mechanism  
5           would promote competition in the AEP service territory and could off-set some of the  
6           anti-competitive proposals AEP has made. Further, with respect to retail auctions, AEP  
7           has proposed wholesale auctions to procure a limited amount of AEP's default service  
8           load throughout the ESP period and the entire default service load after the ESP period.  
9           A retail auction proposal is simply a modification to AEP's auction proposals, as I  
10          explain later in my testimony. Finally, minimum stay requirements and the other  
11          operational barriers to shopping erected by AEP are unnecessary hindrances to customers  
12          exercising their right to choose a competitive supplier.

13   **Q.    Are there other reasons to consider the market enhancement mechanisms you**  
14          **propose in your testimony?**

15   A.    Yes. The market enhancement mechanisms that I propose advance the state policy set  
16          forth in R.C. 4928.02(H) of ensuring "effective competition in the provision of retail  
17          electric service by avoiding anticompetitive subsidies." The market enhancement  
18          mechanisms also advance the policy set forth in R.C. 4928.02(G) of recognizing "the  
19          continuing emergence of competitive electricity markets through the development and  
20          implementation of flexible regulatory treatment." In addition, a POR program advances  
21          the policy set forth in R.C. 4928.02(B) of ensuring "the availability of *unbundled and*  
22          *comparable* retail electric service that provides consumers with the supplier, price, terms,  
23          conditions, and quality options they elect to meet their respective needs." (Emphasis



1 added.) In light of these pro-competitive policies and the Commission's stated goal of  
2 transitioning AEP to a competitive market, the market enhancement mechanisms I  
3 propose are precisely what is needed to further these objectives.

4 **A. PURCHASE OF RECEIVABLES PROGRAM**

5 **Q. What is a POR program?**

6 A. Like many other businesses, when IGS bills a customer, the amount of the bill is added  
7 (credited) to the balance sheet under accounts receivable. When the bill is paid, the  
8 payment is debited from accounts receivable and credited to a cash account. Accounting  
9 rules generally do not allow an enterprise to record revenue until money is actually  
10 received. Thus, to the extent customers do not pay their bills on time or at all, IGS incurs  
11 an expense for uncollectible accounts, meaning the difference between what the company  
12 has billed and what customers have paid.

13 In a POR program, the utility purchases the competitive supplier's accounts receivable.  
14 The practical effect is that the supplier gets paid up front and the utility assumes the  
15 responsibility for collections. In a typical POR program, the utility purchases the  
16 receivables at the point in time when the supplier delivers gas or electricity into the  
17 utility's system. The utility then collects, and keeps, all of the customer payments that  
18 would otherwise be paid to the supplier.

19 **Q. What types of customer receivables are usually included in a POR program?**

20 A. POR programs are usually limited to residential and small commercial customers. These  
21 customer classes typically present the greatest collection risk, which makes it very  
22 expensive for a competitive supplier to provide billing and collections service.

23 **Q. Why should the Commission require AEP to implement a POR program?**

1 A. A POR program would reduce the overall cost of service for AEP's customers, regardless  
2 of whether they receive generation service from AEP or from a competitive supplier.  
3 AEP has systems, labor and IT resources in place to manage all aspects of the billing and  
4 collections process. It is also familiar with the consumer protection protocols related to  
5 collecting outstanding receivables. The costs of all of these resources are paid for by  
6 customers in the distribution rates charged by AEP. Requiring each CRES supplier to  
7 provide these systems and resources creates unnecessary duplication that is ultimately  
8 paid for by customers. Customers pay distribution rates regardless of whether they shop.  
9 To the extent distribution rates reflect the cost of systems and resources necessary for  
10 collections, shopping customers will pay these costs *again* if the CRES provider has to  
11 maintain its own systems and resources to duplicate the same function. Also, because  
12 AEP has the ability to terminate service – and CRES providers do not – AEP is better-  
13 positioned to collect on delinquent accounts.

14 **Q. Are POR programs beneficial to customers?**

15 A. Yes. Under the current system, when a CRES customer account becomes past due, AEP  
16 relinquishes all collections responsibility and it becomes the supplier's responsibility to  
17 collect. The CRES supplier must send the customer a separate bill to collect on the  
18 delinquent account. If a customer is delinquent on the supplier charges, they are also  
19 usually delinquent on the utility charges. Thus, there is a substantial likelihood of  
20 confusion for customers when both AEP and a CRES provider seek to collect different  
21 past due amounts from the same bill. With a POR program, a customer will only have to  
22 deal with one party (AEP Ohio) and will not face the additional stress and potential  
23 confusion of collections activity by multiple parties.

1    **Q.    Do POR programs broaden the potential customer base for competitive suppliers?**

2    A.    Yes. In a non-POR market, suppliers are forced to utilize credit standards that are often  
3           more stringent than those of the utility given the inability of CRES suppliers to terminate  
4           service. As a result, customers that qualify for service under the utility's credit standards  
5           may not meet a competitive supplier's standards. In a POR market, suppliers are able to  
6           offer products to the same customer base as the utility. And because of the significant  
7           cost associated with locating, soliciting, acquiring and maintaining a customer,  
8           broadening the base of eligible customers increases the number of customer enrollments,  
9           which decreases enrollment costs on a per-customer basis. Decreasing the cost of  
10          customer acquisitions allows suppliers to offer lower prices to a greater number of  
11          potential customers.

12   **Q.    Would the enrollment of customers who do not meet CRES suppliers' credit**  
13       **requirements increase AEP's collections risk?**

14   A.    No. CRES suppliers can only serve customers that are already being served by AEP.  
15        Whatever collections risk is associated with the customer is already being borne by AEP.  
16        Thus, the overall credit risk to AEP will not increase with a POR program. In fact, given  
17        the lower prices being offered by CRES suppliers, uncollectibles would ultimately be  
18        lower for CRES customers than if the same customers were receiving higher AEP rates.

19   **Q.    Would AEP be able to recover any costs it incurs under a POR program?**

20   A.    Yes. Utilities typically recover the costs associated with the assumption of a supplier's  
21        collection risk through a discount rate applied to the purchase of receivables, an  
22        uncollectible expense rider, or a combination of the two. Under the discount rate method,  
23        the utility pays something less than the face value of the receivables as compensation for

1 assuming the risk of unpaid accounts and collection expense. With an uncollectible  
2 expense rider, uncollectible expense is accounted for and charged to customers through a  
3 separate surcharge that periodically reconciles estimated versus actual uncollectibles  
4 expense. If a utility assumes the risk of CRES supplier uncollectibles, it is reasonable for  
5 the utility to include CRES supplier uncollectibles in its uncollectible expense rider. In  
6 both the uncollectible expense rider recovery mechanism and the discount rate  
7 mechanism, utilities will always recover their uncollectible expenses for CRES  
8 customers.

9 **Q. Do POR programs tend to attract greater supplier participation?**

10 A. Yes. Generally, when a utility offers a POR program in its service territory, more  
11 suppliers enter the market and the market becomes more competitive. All else being  
12 equal, CRES providers will choose to focus their efforts in POR markets rather than non-  
13 POR markets because their risk, and therefore their costs, is less. The PUCO electric  
14 Apples-to-Apples website shows that Duke Energy Ohio, the only electric utility with a  
15 POR program in Ohio, has the greatest level of CRES supplier participation of all the  
16 electric utilities in Ohio. As supplier participation increases, competition increases. And  
17 as competition increases, prices decrease, and the introduction of new and innovative  
18 products is encouraged.

19 **Q. Are there other utilities in other states that have POR programs?**

20 A. Yes. Utilities throughout the country have successfully implemented POR programs.  
21 POR is part of customer choice in many states including Ohio, Illinois, New York,  
22 Virginia, Pennsylvania, Indiana, Kentucky, Maryland, Indiana and Michigan. POR is  
23 also offered by both gas and electric utilities.

1   **Q.     What has been the effect of POR programs on competitive markets in these states?**

2   A.     Utilities that offer POR programs consistently experience greater levels of customer  
3           migration than utilities that do not. Attached to my testimony as Exhibit 1 is a study  
4           published by the Pennsylvania Office of Consumer Advocate. In PECO, PPL, Duquesne  
5           Light and Penn Power (all POR utilities), over 20% of the residential customers have  
6           switched to a retail supplier. In Illinois in the ComEd program, POR was recently  
7           implemented and migration of residential customers went from virtually none to over  
8           10% over the past year.

9   **Q.     Does Ohio migration data show that POR supports greater customer shopping?**

10  A.     Yes. Attached as Exhibit 2 is a report on Ohio electric migration as of December 31,  
11           2011. Currently, Duke Energy Ohio is the only electric utility in Ohio that offers a POR  
12           program. Nearly 30% of Duke's residential electric customers are shopping. The report  
13           also indicates that over 60% of the residential electric customers of the FirstEnergy  
14           utilities shop. At first glance, this would seem to contradict the notion that POR leads to  
15           more shopping customers, because the FirstEnergy utilities do not offer a POR program.  
16           However, a vast majority of the residential migration in the FirstEnergy utilities is due to  
17           opt-out aggregation programs, and for the supplier of the FirstEnergy utility aggregations,  
18           a POR program is in place. The Northeast Ohio Public Energy Council ("NOPEC")  
19           aggregation website indicates that 600,000 FirstEnergy customers are served through that  
20           program. The Northeast Ohio Aggregation Coalition ("NOAC") is another major  
21           aggregation load in the FirstEnergy service territory that is responsible for a significant  
22           amount/portion of residential migration. If it were not for the NOPEC and NOAC opt-out  
23           aggregations where the provider, FirstEnergy Solutions, receives a receivable purchase

1 program, the FirstEnergy migration statistics would likely be significantly less. AEP and  
2 Dayton Power and Light do not offer a POR program, and their residential migration  
3 rates are below 10%, which is significantly less than the 30% shopping level for  
4 residential customers of Duke. While I recognize that many factors affect shopping, both  
5 reasons and experience show that a POR program is an important supporting element of a  
6 successful shopping regime.

7 **Q. Are there any other electric utilities that have seen an increase in migration since**  
8 **POR programs have been implemented?**

9 A. Yes. As an example, Baltimore Gas & Electric in Maryland and Commonwealth Edison  
10 (“ComEd”) and Ameren in Illinois have seen a significant amount of customer migration  
11 since POR programs have been implemented in those service territories. ComEd alone  
12 has seen over 10% of residential customers switch to a retail supplier in the little over one  
13 year that a POR program has been in place. Attached as Exhibit 3 is the ComEd  
14 migration statistics published by the Office of Retail Market Development at the Illinois  
15 Commerce Commission. According to the Office of Retail Market Development website,  
16 there are over 25 suppliers certified to serve customers in Ameren and ComEd with over  
17 65 different products listed on the ICC’s product comparison website.

18 **Q. Can the experience of other utilities be leveraged to help implement a POR program**  
19 **in AEP’s territory?**

20 A. Yes. Once a Commission or state legislature has directed a utility to implement a POR  
21 program, a collaborative is usually formed to work out the details and submit  
22 recommendations to the state regulatory agency. Since PUCO Staff has already been  
23 through the processes of implementing POR programs for all of the major gas utilities

1 and Duke's electric operations, Staff has valuable insight into how to design an effective  
2 POR program. Other stakeholders such as competitive suppliers like IGS have also been  
3 through the process of designing POR programs several times. This experience and  
4 knowledge from many parties can be leveraged when developing an appropriate POR  
5 program for AEP.

6 **Q. What is your recommendation to the Commission?**

7 A. I recommend that the Commission direct AEP to establish a collaborative to develop a  
8 POR program for residential and small commercial customers. The evidence is  
9 overwhelming that POR contributes to increased customer access to the benefits of and  
10 participation in the competitive market. The most active and competitive Choice markets,  
11 for both gas and electric, are those that have POR programs in place. The  
12 implementation of POR would be a significant step towards achieving a competitive and  
13 robust electric market in the AEP service territory.

14 **B. RETAIL AUCTION**

15 **Q. Please explain the proposal AEP makes in its ESP filing with respect to conducting**  
16 **an auction to serve the SSO default service load.**

17 A. The ESP application proposes to auction off the right to serve the default service load to  
18 competitive suppliers after June 1, 2015. AEP also proposes, within six months from a  
19 final order in this ESP proceeding, to procure 5% of the generation needed to serve the  
20 SSO default service load through an auction mechanism.

21 **Q. Do you support AEP's auction proposals?**

22 A. I do not oppose AEP's proposals to auction a percentage of the SSO load during the ESP  
23 period and 100% of the SSO load after May 31, 2015; however, if AEP's auction

proposal is accepted, the auctions should be retail auctions rather than wholesale auctions and the auctions during the ESP period should be for 10% of the customers, not 5%.

**Q. Please explain the difference between retail auctions and wholesale auctions.**

A. In a wholesale auction, the utility is merely seeking to procure the commodity that the utility uses to serve the default service load. For instance, AEP proposes to hold an energy-only, slice-of-system auction to serve 5% of the default service load during the ESP period. In this instance, the winner of the auction would deliver the electricity to AEP, and then AEP would use that electricity to serve default service customers. In a retail auction, suppliers bid to serve customers on the default service rate directly. After a retail auction is conducted, customers are assigned to winning bidders in the auction, and in the future it is the winning supplier's responsibility to serve those customers directly.

**Q. What are the advantages of a retail auction over a wholesale auction?**

A. A retail auction conducted in the manner I describe below would create a source of funds to pay for any enhancements in the AEP systems necessary to implement POR, so that customers do not have to pay those costs, and any remaining funds could be used to support various energy initiatives currently being proposed in the Ohio legislature through the Governor's energy bill. Further, retail auction customers see the name of the supplier on their bill and thus the customer becomes more comfortable with the idea of receiving supply from a non-utility supplier. Finally, a retail auction would allow 10% of the customers to receive a discounted rate, without a cancellation fee, allowing those customers to experience the market directly without any risk to the customers.

**Q. Please explain your auction structure.**



1 A. My suggestion is to set the price auction customers are served at 99% of the AEP default  
2 rate for generation, including all capacity costs. Customers would pay the auction  
3 winners this price for the commodity they receive as long as auction winners continue to  
4 serve those customers. Ten percent of default service customers would be randomly  
5 assigned to receive the auction rate instead of the default service rate.

6 **Q. Please explain how the auction itself would work.**

7 A. The auction itself would be an ascending clock auction, where interested and qualified  
8 bidders would bid into each round the number of tranches they would be willing to serve  
9 at the auction pre-determined price. The bidders would bid on how much they would be  
10 willing to pay to serve customers at 99% of the AEP default rate. I would suggest that no  
11 winning bidder be permitted to serve more than 20% of the customers in the auction (so  
12 ten one-percent tranches, no more than two tranches, or two percent, would go to any  
13 successful supplier). Each round, an amount would be assigned to each tranche that, if  
14 cleared, the winning bidder would have to pay into the auction. The auction would close  
15 when the number of tranches bid equal the number to be served, and the winning bidders  
16 would pay to AEP the amount bid.

17 **Q. What should happen to the auction customers after the auctions commence?**

18 A. Winning bidders should serve the customers for the duration of the ESP period at the  
19 price of 99% of the default service rate, and would retain the customers after the end of  
20 the ESP period at a monthly variable rate. Customers would have the right to move from  
21 the auction program to competitive suppliers without a cancellation fee, including to the  
22 auction winner, but would remain with the auction winner until and unless an affirmative  
23 action was taken by the customer.

1   **Q.    How do you propose using the funds generated from the retail auction?**

2   A.    The funds resulting from the auction should be used to pay for the POR program and  
3       Choice customer education programs, with any remaining funds dedicated to the  
4       Governor's energy initiatives.

5   **Q.    How do you recommend that the Commission establish the parameters for a retail**  
6       **auction?**

7   A.    I recommend that the Commission establish a collaborative for developing a retail  
8       auction for 10% of the SSO load during the ESP period and establish a separate  
9       collaborative to develop a retail auction for 100% of the SSO load after May 31, 2015.  
10       These collaboratives should be able to benefit from the vast experience from multiple  
11       parties that participated in developing retail auctions for Ohio gas utilities. The  
12       Commission should also set a time frame under which the AEP should file the retail  
13       auction plans established by the collaboratives for Commission approval.

14                   **C.    MINIMUM STAY REQUIREMENTS AND OTHER**  
15                   **OPERATIONAL BARRIERS TO SHOPPING**

16   **Q.    Do AEP's minimum stay requirements present additional barriers to shopping?**

17   A.    Yes. In AEP's tariff there is a requirement that GS2, GS3, and GS4 (commercial and  
18       industrial) customers that voluntarily return to the SSO rate must stay on the SSO rate for  
19       at least 12 months before returning to a competitive supplier. Further, AEP's tariff  
20       requires that if GS1 and GS2 (residential and small non-residential) customers return to  
21       AEP's SSO rate they must remain on the SSO rate through April 15 of the following  
22       year, if that customer was served under the SSO rate at any time during the period from  
23       May 16 to September 15 of the current year. See Ohio Power Original Tariff Sheet No.

1 103-26D. I recommend that these minimum stay provisions should be removed from  
2 AEP's tariff.

3 **Q. Why are you recommending that AEP be required to remove the minimum stay**  
4 **provisions from its tariff?**

5 A. The minimum stay provisions in AEP's tariff create an artificial barrier to shopping. For  
6 there to truly be competitive markets, customers must be able to exercise their right to  
7 change suppliers and leave the default service rate. These stay requirements directly  
8 contravene R.C. 4928.02(C), which requires that consumers have "effective choices over  
9 [electricity] supplies and suppliers." AEP cannot simply take its customers' ability to  
10 choose away from them. That is especially so given that AEP has already included  
11 numerous provisions in its ESP that benefit it at the expense of shopping customers, most  
12 prominently by attempting to extract from shopping customers a capacity charge many  
13 times greater than the price for capacity available on the market. If the Commission  
14 allows AEP to receive above-market pricing for its capacity, any justification for  
15 imposing stays on customers disappears.

16 **Q. Are there any operational issues that should be addressed in AEP's proposed ESP if**  
17 **a tiered capacity approach is adopted?**

18 A. Yes. During this interim period, there has been great difficulty getting AEP to accept  
19 enrollments of customers that wish to qualify for the Tier 1 capacity. For example, in  
20 addition to standard enrollment forms, AEP has required shopping customers to provide  
21 affidavits and attestations of the desire for a Tier 1 capacity rate. The Commission  
22 should make it clear that AEP must accept all enrollments for Tier 1 capacity rate without  
23 unilaterally requiring additional affidavits or attestations.

1 **Q. Has there been issues with knowing how much Tier 1 capacity is available for CRES**  
2 **suppliers?**

3 A. Yes. During the interim capacity period AEP is required to make available to CRES  
4 suppliers the amount of Tier 1 capacity that has been used for each customer class.  
5 However, AEP has not been forthcoming with this data. It is important for CRES  
6 suppliers to have this data so that CRES suppliers can properly price their offerings to  
7 customers. If a Tiered capacity approach is maintained beyond May 31, 2012 AEP should  
8 be required to always make available, on a website, the amount of Tier 1 capacity still  
9 available for each customer class, updated daily. I believe this is the requirement for  
10 AEP during the interim period as well, but the website that AEP had previously  
11 established to provide this data to CRES suppliers has since been shut down.

12 **V. RIDER GRR**

13 **Q. Please explain AEP's proposal to recover the costs of alternative energy projects**  
14 **through a non-bypassable charge to customers.**

15 A. AEP proposes Rider GRR which is a non-bypassable charge to recover the cost of  
16 renewable energy generation projects. One of the projects proposed to be recovered  
17 through Rider GRR is the AEP's Turning Point solar energy facility.

18 **Q. How will the electricity and renewable energy credits ("REC") generated from the**  
19 **generation assets paid for by Rider GRR be used?**

20 A. It is my understanding that the electricity and the RECs from the Rider GRR generation  
21 assets will be used to serve default service load customers.

22 **Q. Will shopping customers receive any benefit from Rider GRR despite having to pay**  
23 **for Rider GRR?**

1 A. No. It is my understanding that CRES customers will not receive either the RECs or  
2 electricity generated from Rider GRR assets and therefore will not benefit from Rider  
3 GRR.

4 **Q. Is a non-bypassable charge appropriate to recover the cost of new generation**  
5 **projects?**

6 A. No. R.C. 4928.02(H) states that it is the policy of the state to avoid “anticompetitive  
7 subsidies flowing from a noncompetitive retail electric service to a competitive retail  
8 electric service or to a product or service other than retail electric service, and vice  
9 versa.” A rider that would recover from shopping customers the costs of generation  
10 assets to serve the default service load would be an anti-competitive subsidy flowing  
11 from shopping customers to default service customers. Artificially reducing the cost to  
12 serve default service customers by artificially increasing the cost to serve shopping  
13 customers would constitute a quintessential cross-subsidization, harm competitive  
14 markets, and violate the state’s energy policy.

15 **Q. Is there any recommended modifications you would make to AEP’s Rider GRR**  
16 **proposal?**

17 A. AEP has the option of developing renewable energy projects on its own and recovering  
18 the cost through market prices, as CRES suppliers must do if CRES suppliers wish to  
19 develop renewable energy projects. However, if AEP believes that it is necessary to build  
20 renewable generation and recover those costs from rate payers, then Rider GRR should  
21 be bypassable and payable only by default service customers. Otherwise, shopping  
22 customers will be subsidizing the default service rate. In the alternative, if the  
23 Commission approves a non-bypassable Rider GRR, then either the electricity should be

1 sold on the market with revenues being used as a credit against the cost of Rider GRR or  
2 the RECs generated from Rider GRR assets should be used to reduce the renewable  
3 portfolio standard requirements for all customers (including shopping customers)  
4 proportionately. The modifications to the Rider GRR proposal that I propose will ensure  
5 that all customers who pay for Rider GRR benefit from those assets equally.

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

7 **A.** Yes it does.

## CERTIFICATE OF SERVICE

I hereby certify that a copy the foregoing Direct Testimony of Vincent Parisi was served by electronic mail to the following parties on this 4th day of May, 2012:

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/s/ Mark A. Whitt

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One of the Attorneys for Interstate Gas Supply,  
Inc.



# **Pennsylvania Electric Shopping Statistics January 1, 2012**

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Harrisburg, PA 17101-1923  
(717) 783-5048 Telephone  
(800) 684-6560 (PA Consumers Toll-Free)  
consumer@paoca.org • www.oa.state.pa.us  
Sonny Popowsky, Consumer Advocate

Number of Customers Served By An Alternative Supplier As Of 1/1/2012				
	Residential	Commercial	Industrial	Total
<b>Duquesne Light</b>	173,450	20,567	686	194,703
<b>MetEd ***</b>	41,027	15,648	759	57,434
<b>PECO Energy *</b>	317,433	61,647	2,687	381,767
<b>Penelec ***</b>	71,544	23,314	728	95,586
<b>Penn Power</b>	32,210	5,952	125	38,287
<b>PPL *</b>	495,539	91,888	1,112	588,539
<b>UGI</b>	2	446	62	510
<b>West Penn Power **</b>	94,582	21,373	117	116,072
<b>Total</b>	<b>1,225,787</b>	<b>240,835</b>	<b>6,276</b>	<b>1,472,898</b>

\* PPL's and PECO's statistics include active and pending shopping customers.

\*\* Formerly known as Allegheny Power.

\*\*\* Statistics were previously reported as Met Ed/Penelec.

Pennsylvania Office of Consumer Advocate

1-1-2012

# Percentage of Customers Served By An Alternative Supplier

As Of 1/1/2012

	Residential	Commercial	Industrial	Total
<b>Duquesne Light</b>	33.0	33.9	59.5	33.1
<b>MetEd ***</b>	8.4	24.3	87.5	10.0
<b>PECO Energy *</b>	22.4	41.5	85.5	24.4
<b>Penelec ***</b>	14.2	28.1	88.2	16.0
<b>Penn Power</b>	22.9	30.1	83.3	24.0
<b>PPL *</b>	40.5	52.1	87.3	42.0
<b>UGI</b>	0.0	5.4	32.5	0.8
<b>West Penn Power **</b>	15.4	22.4	90.7	16.4

Totals may differ due to rounding.

\* PPL's and PECO's statistics include active and pending shopping customers.

\*\* Formerly known as Allegheny Power.

\*\*\* Statistics were previously reported as Met Ed/Penelec.

Pennsylvania Office of Consumer Advocate

1-1-2012

Customers Load (MW) Served By An Alternative Supplier As Of 1/1/2012				
	Residential	Commercial	Industrial	Total
<b>Duquesne Light</b>	396.3	1,474.3	846.2	2,716.8
<b>MetEd ***</b>	64.0	278.0	563.0	905.0
<b>PECO Energy</b>	803.0	1,284.0	2,392.0	4,479.0
<b>Penelec ***</b>	95.0	376.0	607.0	1,078.0
<b>Penn Power</b>	51.0	200.0	149.0	400.0
<b>PPL *</b>	1,597.0	1,924.0	1,810.0	5,331.0
<b>UGI</b>	0.0	24.1	13.5	37.6
<b>West Penn Power **</b>	227.7	668.8	624.7	1,521.2
<b>Total</b>	<b>3,234.00</b>	<b>6,229.20</b>	<b>7,005.40</b>	<b>16,468.60</b>

Totals may differ due to rounding.

\* PPL's and PECO's statistics include active and pending shopping customers.

\*\* Formerly known as Allegheny Power.

\*\*\* Statistics were previously reported as Met Ed/Penelec.

Percentage of Customers Load Served By An Alternative Supplier As Of 1/1/2012				
	Residential	Commercial	Industrial	Total
<b>Duquesne Light</b>	32.3	67.1	93.2	62.7
<b>MetEd ***</b>	9.8	57.0	95.0	52.3
<b>PECO Energy *</b>	23.9	59.4	94.5	55.7
<b>Penelec ***</b>	16.0	58.0	97.0	58.0
<b>Penn Power</b>	22.0	63.0	98.0	57.0
<b>PPL *</b>	46.3	90.4	96.6	71.5
<b>UGI</b>	0.0	31.0	76.7	17.8
<b>West Penn Power **</b>	17.4	66.8	93.9	51.2

Totals may differ due to rounding.

\* PPL's and PECO's statistics include active and pending shopping customers.

\*\* Formerly known as Allegheny Power.

\*\*\* Statistics were previously reported as Met Ed/Penelec.

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Customers  
For the Month Ending December 31, 2011**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Cleveland Electric Illuminating Company	CEI	31-Dec	2011	168797	18457	192	187845
CRES Providers	CEI	31-Dec	2011	493446	65114	464	559036
Total Customers	CEI	31-Dec	2011	662243	83571	656	746881
EDU Share	CEI	31-Dec	2011	25.49%	22.09%	29.27%	25.15%
Electric Choice Customer Switch Rates	CEI	31-Dec	2011	74.51%	77.91%	70.73%	74.85%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Duke Energy Ohio	DUKE	31-Dec	2011	424422	37654	828	464999
CRES Providers	DUKE	31-Dec	2011	189452	29814	1387	224585
Total Customers	DUKE	31-Dec	2011	613874	67468	2215	689584
EDU Share	DUKE	31-Dec	2011	69.14%	55.81%	37.38%	67.43%
Electric Choice Customer Switch Rates	DUKE	31-Dec	2011	30.86%	44.19%	62.62%	32.57%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Columbus Southern Power Company	CSP	31-Dec	2011	639541	61998	2444	704268
CRES Providers	CSP	31-Dec	2011	29529	17164	835	47553
Total Customers	CSP	31-Dec	2011	669070	79162	3279	751821
EDU Share	CSP	31-Dec	2011	95.59%	78.32%	74.53%	93.67%
Electric Choice Customer Switch Rates	CSP	31-Dec	2011	4.41%	21.68%	25.47%	6.33%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
The Dayton Power and Light Company	DPL	31-Dec	2011	411122	33932	813	448902
CRES Providers	DPL	31-Dec	2011	43575	16191	944	64479
Total Customers	DPL	31-Dec	2011	454697	50123	1757	513381
EDU Share	DPL	31-Dec	2011	90.42%	67.70%	46.27%	87.44%
Electric Choice Customer Switch Rates	DPL	31-Dec	2011	9.58%	32.30%	53.73%	12.56%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total customers includes residential, commercial, industrial and other customers.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Customers" include "Other Customers" (e.g. street lighting).

\*\*\*\*\*Preliminary Data

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Customers  
For the Month Ending December 31, 2011**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Ohio Edison Company	OEC	31-Dec	2011	329680	29795	414	361847
CRES Providers	OEC	31-Dec	2011	589636	79863	1000	670590
Total Customers	OEC	31-Dec	2011	919316	109658	1414	1032437
EDU Share	OEC	31-Dec	2011	35.86%	27.17%	29.28%	35.05%
Electric Choice Customer Switch Rates	OEC	31-Dec	2011	64.14%	72.83%	70.72%	64.95%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Ohio Power Company	OP	31-Dec	2011	586328	87566	6476	682542
CRES Providers	OP	31-Dec	2011	18655	6244	548	25772
Total Customers	OP	31-Dec	2011	604983	93810	7024	708314
EDU Share	OP	31-Dec	2011	96.92%	93.34%	92.20%	96.36%
Electric Choice Customer Switch Rates	OP	31-Dec	2011	3.08%	6.66%	7.80%	3.64%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Toledo Edison Company	TE	31-Dec	2011	101073	9605	96	111720
CRES Providers	TE	31-Dec	2011	171324	25067	370	196844
Total Customers	TE	31-Dec	2011	272397	34672	466	308564
EDU Share	TE	31-Dec	2011	37.11%	27.70%	20.60%	36.21%
Electric Choice Customer Switch Rates	TE	31-Dec	2011	62.89%	72.30%	79.40%	63.79%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total customers includes residential, commercial, industrial and other customers.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

Note3: "Total Customers" include "Other Customers" (e.g. street lighting).

\*\*\*\*\*Preliminary Data

Switching Report  
Supply Options Chosen by Customers of Commonwealth Edison Company  
January 2012

Delivery Service Class:

Generally Defined as:

Total Number of Customers

Taking Hourly Price Service from ComEd

Taking Fixed Price Supply Service from ComEd

Taking Supply Service From a Retail Electric Supplier (RES)

Percentage of Customers Receiving RES Service

Monthly kWh

Of Hourly Price Service Customers

Of ComEd Fixed Price Supply Service Customers

Of RES Customers

Percentage of Monthly kWh Taking RES Supply Service

Total Residential	Watt-Hour	Small (0 - 100 kW)	Medium (100 - 400 kW)	Large (400 - 1,000 kW)	Very Large (1,000 - 10,000 kW)	Extra Large (≥10,000 kW)	High Voltage	Railroad	Lighting/Other	Total Non - Residential	Grand Total
3,423,818	94,143	245,043	17,696	4,243	1,899	54	76	14	8,317	371,687	3,795,505
10.319	0	1,758	4,619	491	93	0	35	0	1,462	8,458	18,777
3,142,772	78,855	174,365	739	22	1	0	1	0	6,331	260,314	3,403,286
270,727	15,288	68,920	12,338	3,732	1,805	54	40	14	524	102,715	373,442
7.91%	16.34%	28.13%	69.72%	87.92%	95.05%	100.00%	52.63%	100.00%	6.15%	27.63%	9.84%
2,627,689,407	45,924,238	1,041,318,613	959,217,182	857,617,784	1,573,769,372	333,893,411	468,183,264	44,325,809	80,471,074	5,404,920,747	8,032,610,154
11,998,650	0	27,273,888	230,650,777	89,833,389	56,335,203	0	9,634,546	0	27,327,222	441,055,025	453,055,675
2,387,722,655	37,184,153	527,656,829	23,970,730	3,286,815	926,605	0	4,647	0	15,489,376	608,519,175	2,996,241,830
227,968,102	8,740,085	486,587,896	704,595,655	764,497,580	1,516,507,564	333,893,411	458,544,071	44,325,809	37,654,476	4,355,346,547	4,583,314,649
8.68%	19.03%	46.72%	73.46%	89.14%	96.36%	100.00%	97.94%	100.00%	46.79%	80.58%	57.06%



**Switching Report**  
**Supply Options Chosen by Customers of Commonwealth Edison Company**  
**February 2012**

**Delivery Service Class:**

Generally Defined as:

**Total Number of Customers**

Taking Hourly Price Service from ComEd

Taking Fixed Price Supply Service From ComEd

Taking Supply Service From a Retail Electric Supplier (RES)

**Percentage of Customers Receiving RES Service**

**Monthly kWh**

Of Hourly Price Service Customers

Of ComEd Fixed Price Supply Service Customers

Of RES Customers

**Percentage of Monthly kWh taking RES Supply Service**

Total Residential	Wait-Hour	Small (0 - 100 kW)	Medium (100 - 400 kW)	Large (400 - 1,000 kW)	Very Large(2) (1,000 - 10,000 kW)	Extra Large (>10,000 kW)	High Voltage	Railroad	Lighting/Other(1)	Total Non - Residential	Grand Total
3,427,936	99,983	245,965	17,682	4,235	1,912	52	77	14	8,381	372,501	3,800,437
10,276	0	1,823	4,558	488	96	0	37	0	1,462	8,464	18,740
3,096,916	77,380	170,852	716	23	4	0	1	0	6,384	255,560	3,352,476
320,744	16,603	73,290	12,408	3,724	1,812	52	39	14	535	108,477	439,221
9.36%	17.67%	29.80%	70.17%	87.93%	94.77%	100.00%	50.65%	100.00%	6.23%	29.12%	11.29%
2,216,793,427	42,766,751	951,262,544	891,342,761	797,665,477	1,506,286,839	323,748,778	445,126,957	54,441,936	74,872,892	5,086,914,935	7,303,708,362
9,981,066	0	26,020,427	213,926,692	84,146,621	53,503,744	0	14,660,855	0	23,462,850	415,721,169	425,702,235
1,981,764,725	33,995,615	471,662,270	22,205,636	2,959,789	885,652	0	4,647	0	14,559,381	546,277,990	2,538,037,715
225,047,636	8,771,136	455,579,847	655,210,433	709,959,067	1,451,897,443	323,748,778	430,461,455	54,441,936	36,850,681	4,124,920,776	4,349,568,412
10.15%	20.51%	47.68%	73.51%	89.07%	96.39%	100.00%	96.71%	100.00%	49.22%	81.09%	59.56%

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM**

Summary: Testimony of Vincent Parisi electronically filed by Ms. Melissa L. Thompson on behalf of Interstate Gas Supply, Inc.