

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton Power and Light Company for Approval of its Market Rate Offer)	Case No. 12-426-EL-SSO
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs)	Case No. 12-427-EL-ATA
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority)	Case No. 12-428-EL-AAM
In the Matter of the Application of The Dayton Power and Light Company for the Waiver of Certain Commission Rules)	Case No. 12-429-EL-WVR
In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders)	Case No. 12-0672-EL-RDR

**DIRECT TESTIMONY
OF
KATHY L. HAGANS**

On Behalf of
The Office of the Ohio Consumers' Counsel
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March 1, 2013

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ATTACHMENTS

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KLH-2	DP&L response to OCC Interrogatory No. 206.

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

4 ***A1.*** My name is Kathy L. Hagans. My business address is 10 West Broad Street,
5 Suite 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the
6 Ohio Consumers' Counsel ("OCC") as a Principal Regulatory Analyst.

7

8 ***Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 ***A2.*** I earned a Master of Business Administration degree from Ashland University
11 and a Bachelor of Science degree in Business from The Ohio State University.
12 During the course of my employment at OCC, I have held various positions of
13 increasing responsibilities in the Analytical Department including my current
14 position.

15

16 ***Q3. WHAT ARE YOUR RESPONSIBILITIES AS A PRINCIPAL REGULATORY***
17 ***ANALYST?***

18 ***A3.*** My duties include research, investigation and analysis of utility filings at the
19 Public Utilities Commission of Ohio ("PUCO" or "the Commission") and federal
20 agencies, participation in special projects and investigations, and assistance in
21 policy development and implementation.

22

1 ***Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED***
2 ***BEFORE THIS COMMISSION?***

3 ***A4.*** Yes, attached to my testimony as Attachment KLH-1 is a list of testimony I have
4 submitted before the PUCO and affidavits I have submitted before the PUCO and
5 the Federal Communications Commission.

6

7 ***II. PURPOSE OF TESTIMONY***

8

9 ***Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
10 ***PROCEEDING?***

11 ***A5.*** The purpose of my testimony is to explain and support OCC's position on
12 Competitive Retail Enhancement costs. Dayton Power and Light Company
13 ("DP&L") proposes that all of its customers pay these costs through the
14 Reconciliation Rider ("RR"). Specifically, I recommend the Commission reject
15 DP&L's proposal that these costs be paid by all of its customers. Competitive
16 retail enhancement costs should be paid by competitive retail electric service
17 ("CRES") providers--not by customers of DP&L.

18

1 **III. COMPETITIVE RETAIL ENHANCEMENT COSTS**

2

3 **Q6. WHAT ARE THE COMPETITIVE RETAIL ENHANCEMENT COSTS DP&L**
4 **IS PROPOSING THAT ALL OF ITS CUSTOMERS PAY THROUGH THE**
5 **RECONCILIATION RIDER?**

6 **A6.** On pages 13-14 of her Second Revised Testimony, DP&L witness Dona R. Seger-
7 Lawson describes “projects that will improve the interaction of CRES Providers
8 with DP&L to ensure a smoother customer choice administrative process.” These
9 projects will entail modifying DP&L’s Customer Service System (“CSS”),
10 Electronic Data Interchange (“EDI”) system, and Information Technology (“IT”)
11 system. DP&L expects the capital investments necessary to implement these
12 enhancements to total approximately \$2.5 million.¹

13

14 DP&L has described the projects and estimated the cost of each as follows:

15

- 16 1. Eliminate the minimum stay and return to firm provisions
17 in its generation tariffs. Preliminary estimate \$19,000;²
18 2. Implement a web-based portal such that CRES Providers
19 can obtain DP&L customer information in a more usable

¹ DP&L Second Revised ESP Application (Second Revised Testimony of Dona R. Seger-Lawson) (December 12, 2012) at 14.

² Id. at 13-14 and DP&L response to OCC Interrogatory No. 206 (Attachment KLH-2).

- 1 and manageable fashion. Preliminary estimate
2 \$1,750,000;³
- 3 3. Implement an auto-cancel feature to the Bill-Ready billing
4 function, such that when DP&L cancels its usage and
5 related charges, it will also cancel the supplier usage and
6 related charges on the customer's bill. Preliminary
7 estimate \$80,000;⁴
- 8 4. Remove the enrollment verification that requires a CRES
9 Provider to have the first four characters of the customer
10 name on the account as well as the correct account number.
11 Preliminary estimate \$600;⁵
- 12 5. Support DP&L's response to Historical Interval usage data
13 requests via EDI. Preliminary estimate \$150,000;⁶
- 14 6. Provide CRES Providers with a standardized sync list on a
15 monthly basis to ensure that the Company has identified the
16 correct accounts that are served by each CRES Provider.
17 Preliminary estimate \$21,000;⁷ and
- 18 7. Added contingency for unknowns such as external and
19 internal labor expense rates, travel expense, added costs

³ Id.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Id.

1 resulting from detailed design requirements, etc.

2 Preliminary estimate \$479,400.⁸

3

4 **Q7. HOW DOES DP&L PROPOSE TO COLLECT THE COMPETITIVE RETAIL**
5 **ENHANCEMENT COSTS FROM CUSTOMERS?**

6 **A7.** DP&L proposes to collect “a revenue requirement based on the implementation
7 costs of these projects through the quarterly adjusted Reconciliation Rider.”⁹

8 Competitive Retail Enhancement costs are one of three types of costs DP&L
9 proposes to recover through the Reconciliation Rider on a non-bypassable basis
10 from all customers.¹⁰

11

12 **Q8. DOES DP&L EXPLAIN THE BENEFITS ALL OF ITS CUSTOMERS WILL**
13 **DERIVE FROM PAYING FOR COMPETITIVE RETAIL ENHANCEMENT**
14 **COSTS THROUGH THE RECONCILIATION RIDER?**

15 **A8.** Yes. DP&L witness Emily W. Rabb states “The costs should be charged on a
16 non-bypassable basis as these competitive retail enhancements support CRES
17 Providers who are targeting customers throughout DP&L’s service territory,
18 whether they have switched from the SSO rate or not.”¹¹

⁸ OCC Interrogatory No. 206 (Attachment KLH-2).

⁹ DP&L Second Revised ESP Application (Second Revised Testimony of Dona R. Seger-Lawson) (December 12, 2012) at 14.

¹⁰ DP&L Second Revised ESP Application (Direct Testimony of Emily W. Rabb (October 5, 2012) and adopted by Dona Seger-Lawson (December 12, 2012)) at 8.

¹¹ Id. at 10.

1 **Q9. DO YOU AGREE WITH DP&L'S PROPOSAL TO COLLECT**
2 **COMPETITIVE RETAIL ENHANCEMENT COSTS FROM ALL OF ITS**
3 **CUSTOMERS?**

4 **A9.** No. These costs, which are associated with enhancing the service that CRES
5 suppliers provide, should be paid for directly by CRES providers.

6

7 **Q10. WHY DO YOU RECOMMEND THAT COMPETITIVE RETAIL**
8 **ENHANCEMENTS COSTS BE PAID FOR BY COMPETITIVE RETAIL**
9 **ELECTRIC SERVICE PROVIDERS AND NOT BY DP&L CUSTOMERS?**

10 **A10.** These enhancements are designed to benefit CRES providers directly by making
11 additional information available to them and further enhancing the ease with
12 which customer switches are processed by DP&L. The enhancements will allow
13 CRES providers a greater opportunity to gain new customers. Therefore, CRES
14 providers should pay for the modifications to DP&L's systems, which will make
15 the customer transition from DP&L to a CRES provider easier. I recognize that
16 customers themselves may also benefit from competitive retail enhancements.
17 But any such benefit is much less than the benefits that will be realized by the
18 CRES providers with the implementation of the Competitive Retail
19 Enhancements proposed by DP&L. CRES providers have the business option to
20 pass or not pass those costs along to their own customers.

21

1 ***Q11. DOES THIS CONCLUDE YOUR TESTIMONY?***

2 ***A11.*** Yes. However, I reserve the right to supplement my testimony in the event that
3 DP&L, the PUCO Staff or other parties submit testimonies or comments, or if
4 new information or data in connection with this proceeding becomes available.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Direct Testimony of Kathy L. Hagans* was served via electronic transmission to the persons listed below on this this 1st day of March 2013.

/s/ Edmund (Tad) Berger
Edmund (Tad) Berger
Assistant Consumers' Counsel

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Kathy L. Hagans

List of Utility Testimony and Affidavits Submitted

Testimony Submitted

<u>Company</u>	<u>Docket Number(s)</u>
Cleveland Electric Illuminating Company	88-108-EL-EFC
Ohio Edison Company	89-1001-EL-AIR
Cincinnati Gas & Electric Company	91-410-EL-AIR
Cincinnati Bell Telephone Company	93-432-TP-ALT
	93-551-TP-CSS
Ohio Bell Telephone Company	93-487-TP-ALT
	93-576-TP-CSS
Monongahela Power Company	94-1918-EL-AIR
Cincinnati Bell Telephone Company	96-899-TP-ALT
Bell Atlantic/GTE Merger	98-1398-TP-AMT
PUCO Impairment Proceeding	03-2040-TP-COI
The Cincinnati Gas & Electric Company	05-218-GA-GCR
Duke Energy of Ohio, Inc.	07-589-GA-AIR.

Affidavits Submitted

<u>Company</u>	<u>Docket Number(s)</u>
United Telephone Company of Ohio d/b/a Sprint	02-2117-TP-ALT
Cincinnati Bell Telephone Company	04-720-TP-ALT
United Telephone Company of Ohio d/b/a Sprint	07-760-TP-BLS
Ohio Bell Telephone Company d/b/a AT&T Ohio	08-107-TP-BLS
Verizon North, Inc.	08-989-TP-BLS
United Telephone Company of Ohio d/b/a Embarq	08-1041-TP-BLS
Verizon North, Inc.	08-989-TP-BLS
FCC Section 251 Unbundling	WC Docket No. 04-313 CC Docket No. 01-338

RESPONSES TO INTERROGATORIES

INT-206. Referring to the ESP testimony of DP&L witness Dona Seger-Lawson, pages 12-13:

- A. Please indicate how much of the approximately \$2.5 million in capital investments will be associated with each of the six projects that will improve the interaction of CRES Providers with DP&L;

RESPONSE: Subject to all general objections, DP&L states that below is the preliminary estimate for the six projects:

No.	Enhancement	Preliminary Estimate	Internal Labor included in Preliminary Estimate
1	Eliminate the minimum stay and return-to-firm provisions in the generation tariffs.	\$19,000	\$5,000
2	Implement a web-based portal such that CRES Providers can obtain DP&L customer information in more usable and manageable fashion.	\$1,750,000	\$195,000
3	Implement an auto-cancel feature to our Bill-Ready billing function, such that when DP&L cancels its charges, it will also cancel the supplier charges on the bill. This change will eliminate customer confusion and ensure customer payments are posted to the account properly.	\$80,000	\$12,000
4	Remove the enrollment verification that requires a CRES Provider to have the first four characters of the customer name on the account as well as the correct account number.	\$600	\$100
5	Support Historical Interval Usage (HIU) data requests via EDI.	\$150,000	\$22,000
6	Provide CRES Providers a standardized sync list on a monthly basis to ensure that DP&L has identified the correct accounts that are served by each CRES Provider.	\$21,000	\$2,000

No.	Enhancement	Preliminary Estimate	Internal Labor included in Preliminary Estimate
	Subtotal	\$2,020,600	\$236,100
	Added contingency for unknowns such as external and internal labor expense rates, travel expense, added costs resulting from detailed design requirements, etc.	\$479,400	\$57,528
	Total Preliminary Estimate Costs	\$2,500,000	\$293,628

B. How were the amounts provided in (a) determined; and

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states that preliminary estimates were determined by Centric Consulting and internal resources based on preliminary analysis and similar projects.

C. Please detail the capital investments included in the approximate cost of each project listed?

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states that all costs included in the preliminary estimate are capital investment costs.

PERSON RESPONSIBLE: Kathy Hatton

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Case No(s). 12-0426-EL-SSO, 12-0427-EL-ATA, 12-0428-EL-AAM, 12-0429-EL-WVR, 12-0672-EL-RDR

Summary: Testimony Direct Testimony of Kathy L. Hagans on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Berger, Edmund "Tad" Mr.