

BEFORE THE PUBLIC UTILITIES COMMISSION

In the Matter of the
Application of The Dayton
Power and Light Company CASE NO. 12-426-EL-SSO
for Approval of its
Electric Security Plan.

In the Matter of the
Application of The Dayton
Power and Light Company CASE NO. 12-427-EL-ATA
for Approval of Revised
Tariffs.

In the Matter of the
Application of The Dayton
Power and Light Company CASE NO. 12-428-EL-AAM
for Approval of Certain
Accounting Authority.

In the Matter of the
Application of The Dayton
Power and Light Company CASE NO. 12-429-EL-WVR
for the Waiver of Certain
Commission Rules.

In the Matter of the
Application of The Dayton
Power and Light Company CASE NO. 12-672-EL-RDR
to Establish Tariff Riders.

* * *

Deposition of MATTHEW M. WALZ, Witness

herein, called by The Dayton Power & Light Company
for cross-examination pursuant to the Rules of
Civil Procedure, taken before me, Kathy S. Wysong,
a Notary Public in and for the State of Ohio, at
the offices of Duke Energy, 139 East Fourth Street,
1303-Main, Cincinnati, Ohio, on Wednesday,
March 13, 2013, at 1:42 p.m.

1 APPEARANCES:

2 On behalf of The Dayton Power & Light Company:

3 Faruki Ireland & Cox, PLL

4 By: Jeffrey S. Sharkey (via telephone)
Attorney at Law

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7 On behalf of Duke Energy:

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11 and

12 By: Amy B. Spiller

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1 MATTHEW M. WALZ
2 of lawful age, Witness herein, having been first
3 duly cautioned and sworn, as hereinafter
4 certified, was examined and said as follows:

5 CROSS-EXAMINATION

6 BY MR. SHARKEY:

7 Q. Good afternoon, Mr. Walz. As you
8 know, my name is Jeff Sharkey. I represent The
9 Dayton Power & Light Company in this proceeding.
10 Can you state your name for the
11 record?

12 A. My name is Matthew M. Walz.

13 Q. And who are you employed by Mr. Walz?

14 A. Duke Energy Commercial Enterprises.

15 Q. Okay. Can you -- there's a lot of
16 entities that begin with the word Duke, and to be
17 honest with you, I have a little bit of trouble
18 keeping straight which is which. Can you, first
19 of all, tell me what Duke Energy Commercial
20 Enterprises is?

21 A. It's a -- Duke Energy Commercial
22 Enterprises provides administrative services to
23 other Duke Energy entities is my understanding.

24 Q. It provides services to other Duke
25 entities?

1 A. Yes.

2 Q. Okay. And then DER, Duke Energy
3 Retail, that's a CRES provider?

4 A. Yes. Duke Energy Retail is a
5 certified retailer electric supplier in the state
6 of Ohio.

7 Q. Okay. And then what is Duke Energy
8 Corp.?

9 A. It would be the holding company for
10 all of Duke Energy.

11 Q. And then what's the name of the
12 utility?

13 A. I don't understand the question. Is
14 it -- within -- I don't understand the question.

15 MS. KINGERY: Can you clarify?

16 BY MR. SHARKEY:

17 Q. Is there a transmission,
18 distribution, utility operating with the Duke name
19 in the Cincinnati area?

20 A. Yes. Duke Energy Ohio.

21 Q. Okay. That helps. Can you describe
22 the nature of your day-to-day job activities at
23 DECES?

24 A. I currently manage sales, marketing,
25 and operations for Duke Energy Retail.

1 Q. And can you describe for me what it
2 is that that means in a little bit more detail?

3 A. It means I manage a sales team,
4 marketing efforts, the retail operations, and
5 business strategy for Duke Energy Retail, the CRES
6 provider within -- that's focused on Ohio's
7 market.

8 Q. Do you also provide services to Duke
9 Energy Ohio?

10 A. I do not.

11 Q. Do you provide services to any of the
12 other affiliates other than to Duke Energy Retail?

13 A. I do not.

14 Q. Your pretrial testimony says that
15 you've worked for Duke Energy for seven years. Is
16 that seven years in the Duke affiliate family
17 because it looks like you were using Duke Energy
18 to refer to Duke Energy Corp.?

19 MR. KINGERY: Jeff, can you clarify
20 the line number that you're referring?

21 MR. SHARKEY: Page one, line twelve.

22 THE WITNESS: I mean Duke Energy, the
23 holding company within Duke.

24 BY MR. SHARKEY:

25 Q. So you've worked for the holding

1 company for seven years? How long have you been
2 employed by Duke Energy Commercial Enterprises?

3 A. I don't know.

4 Q. Is that a total of seven years that
5 you've spent working for Duke or related entities?

6 A. Could you clarify Duke? Is that Duke
7 Energy, the holding company?

8 Q. Well, for Duke Energy, the holding
9 company, or its affiliates.

10 A. Yes, I've worked for Duke Energy or
11 its affiliates for seven years.

12 Q. Okay. And have all of those seven
13 years been work relating to the CRES provider
14 aspects of -- that are being carried on by Duke
15 Energy Retail?

16 A. No.

17 Q. What else have you done on behalf
18 of -- what other work have you done for what is a
19 Duke affiliate?

20 A. My previous job was director of
21 market fundamentals. I supported the commercial
22 business within Duke Energy and tracked the
23 commodity markets and other aspects of the energy
24 markets for the business.

25 Prior to that, I worked in -- on

1 efforts related to our commercial business hedging
2 strategies and participated in supporting the
3 renewal -- the renewables and admission allowance
4 desk that hedged our commercial positions in the
5 market.

6 Prior to that, I was in an MBA
7 rotational program, and my sole assignment in that
8 rotation was the renewables -- the emissions
9 trading desk and hedging.

10 Q. Okay. Your testimony page one, line
11 seventeen mentions that you worked previously for
12 two global consulting firms.

13 A. Yes.

14 Q. Who were they?

15 A. Accenture and Pricewaterhouse.

16 Q. Okay. Is your educational background
17 described in your testimony? If it is, I'm not
18 seeing it.

19 A. My degrees are referenced on page
20 one, line eighteen through twenty.

21 Q. When did you get your MBA from
22 Indiana?

23 A. Let's see. About eight years ago.
24 Right before I joined Duke Energy.

25 Q. Okay. When did you get your

1 undergraduate degree from Miami?

2 A. 1991.

3 Q. Can you tell me what information you
4 reviewed to assist you to prepare your testimony?

5 A. I reviewed Duke Energy Retail's
6 comments that were submitted with regard to recent
7 Commission requests for comments on utility and
8 CRES rules and certified natural gas rules.

9 I also reviewed -- I believe reviewed
10 my testimony in the AEP/ESP case.

11 Q. Did you review any of the testimony
12 DP&L has filed in this case?

13 A. I have not.

14 Q. Have you reviewed any of the
15 documents that DP&L produced in this case?

16 A. I did not.

17 Q. Where did you come up with the list
18 of items that you request in your testimony?

19 A. From --

20 MS. KINGERY: Objection. Can you
21 clarify what list you're talking about?

22 BY MR. SHARKEY:

23 Q. Sure. You request in your testimony
24 that DP&L do various things, such as improve
25 enrollment process, interval meter requirements,

1 and the like, right?

2 MS. KINGERY: Where are you reading
3 from?

4 BY MR. SHARKEY:

5 Q. I'm not reading from anyplace. I'm
6 just asking a question.

7 A. On page three of my testimony in line
8 twelve through sixteen I do say enrollment
9 process, interval meter requirements, insufficient
10 billing content, and the lack of purchase
11 receivable, as well as information available on
12 the pre-enrollment data.

13 Q. Was that a list of requests that you
14 generated or was that provided to you by somebody
15 else? Where did it come from?

16 A. I developed it with the help of my
17 staff and the source -- and rereading our comments
18 in the recent comments we submitted on those
19 utility, CRES, and natural -- certified natural
20 gas rule making comments that we made.

21 Q. Do you personally interact with
22 anybody from DP&L relating to any of the matters
23 that are addressed in your testimony?

24 A. I do not directly talk to anybody
25 with DP&L.

1 Q. Do you -- some of these items sounds
2 like they would be computer-related interactions,
3 for example. Did you personally handle any of
4 those processes?

5 A. I do not personally handle any of the
6 computer-related transactions involved in my list.

7 Q. You're relying upon information you
8 receive from your staff as to whether or not
9 DP&L's various items that you've listed are
10 appropriate or adequate?

11 A. I developed this list with my staff
12 based on our understanding of our business,
13 understanding of the issues facing our business.

14 Q. Do you understand that DP&L has filed
15 an electric security plan application?

16 A. Yes.

17 Q. Have you read the ESP statute?

18 A. I'm sorry, I don't understand the
19 word statute.

20 Q. Have you read Ohio Revised Code
21 4928.143?

22 A. I can't say for certain I have.

23 Q. Do you understand that DP&L has
24 proposed certain competitive enhancements in this
25 case?

1 A. I would -- I don't know specifically
2 what they proposed.

3 Q. Just so we're clear, did you at one
4 time know what they proposed and have forgotten or
5 have you never known?

6 A. I don't believe I've ever known
7 specifically what they proposed.

8 Q. Did you know generally that there
9 were proposals by DP&L for certain competitive
10 enhancements?

11 A. I'm not sure to be -- I don't know
12 simply because I might be -- I'm not sure if I
13 recall that from the AEP case or the DP&L case. I
14 don't know.

15 Q. Turn, if you would, to page three,
16 line four of your pretrial testimony.

17 A. Okay.

18 Q. You say there that Duke Energy Retail
19 is interested in a consistent framework for retail
20 competition throughout the state of Ohio. Has
21 every utility in Ohio implemented every procedure
22 that you recommend in your testimony?

23 A. It has not.

24 Q. Which ones that you've proposed have
25 not been implemented and who hasn't implemented

1 them?

2 A. The one I'm aware of is a purchase of
3 receivables program.

4 The second would be a -- in terms of
5 barriers, I think that's it then. That's the only
6 one I think I'm fully aware of. That's the only
7 one I'm aware of on the list of recommendations
8 with -- that are in answer starting with line
9 twelve on page three.

10 Q. Do you know that a POR is not used by
11 other utilities in the state of Ohio?

12 A. No. I'd say that I know that it's --
13 Duke Energy Ohio is the only utility with the
14 purchase of receivables program in the state of
15 Ohio for electricity.

16 I also know that a -- with regard to
17 my recommendations for purchase of receivables --
18 purchase of accounts receivable, my recommendation
19 there is focused on the financial barriers that
20 are created with not having a purchase of
21 receivables program and less to do with the
22 consistency across the state.

23 Q. Do you know that each of your other
24 proposals is, in fact, being implemented -- let's
25 strike that and I'll come back to that topic.

1 How many utilities in the state of
2 Ohio need to have a provision, in your view,
3 before every other utility -- let me strike that.

4 Would you agree that if DP&L has
5 procedures in place that Duke utility has not
6 implemented, that Duke utility should implement
7 those some procedures to propose a consistent
8 framework within Ohio?

9 A. I would say no. My argument is not
10 to be consistent for the sake of being consistent;
11 it's being consistent, at the same time reducing
12 barriers to choice within -- across the state so
13 that customers across the state are playing -- are
14 reaping the benefits of a retail market, a choice
15 market in the state of Ohio on a consistent
16 basis -- a materially consistent basis perhaps is
17 the right phrase.

18 So I would not support rules that are
19 consistent but actually, in fact, create more
20 barriers to choice and more confusion to the
21 customer experience and create greater uncertainty
22 for me to make investments in markets and products
23 and services in the state of Ohio.

24 Q. So if DP&L had procedures that
25 reduced the barriers to competition in the state

1 of Ohio that the Duke utility did not, would you
2 agree that Duke should implement those procedures?

3 A. If I thought that the DP&L utility
4 had a best practice with regard to a retail choice
5 rule or procedure, I would -- and I thought that
6 it was feasible to deploy that across the state, I
7 would support that.

8 Q. What kind of analysis would you do to
9 determine whether it was feasible?

10 A. I would probably have to -- I would
11 defer to policy makers on the feasibility.

12 Q. What do you mean by the word
13 feasible?

14 A. Again, I'm not a policy person. I
15 would defer to the Commission and policy makers to
16 decide what is a reasonable investment or timeline
17 to implement a standard set of rules and -- so I'm
18 not sure I can quantify what feasible means other
19 than to say it's worth the investment and it's
20 worth -- and a benefit to the end use customers.

21 Q. And would it entail some type of cost
22 benefit analysis?

23 A. It could. Again, I'm not the expert
24 on feasibility.

25 Q. Of the various items that you

1 propose, do you know whether there would be costs
2 that would need to be incurred to implement them?

3 A. I'm unaware of the costs.

4 Q. And you at least understand that some
5 of the items at least would entail some amount of
6 cost be incurred?

7 A. I would assume that there is costs to
8 implement changes.

9 Q. Who do you believe should pay for
10 those costs?

11 A. I would defer to the Commission on
12 how best to fund and support those costs.

13 Q. But you don't have a proposal
14 regarding whether it would be CRES providers,
15 customers, the utility, or somebody else that
16 would pay for those costs?

17 A. I do not have an opinion at this
18 time.

19 Q. Turn, if you would, to page four. I
20 want to focus on the Q and A that starts on line
21 six. And if I understand your complaint, you
22 don't like the fact that when a customer submits a
23 name to be switched to a CRES provider, that the
24 name submitted has to exactly match the name that
25 appears on DP&L's bill?

1 MS. KINGERY: I'm going to object to
2 the characterization of his testimony as a
3 complaint. You can go ahead and answer.

4 THE WITNESS: I would like to see an
5 improved enrollment process that is consistent
6 with the other three utilities within the state of
7 Ohio, and those three utilities requires the
8 account number in Duke Energy Ohio, a similar
9 number in AEP, or the FirstEnergy territories, I
10 believe it's an SDI number, and the AEP utility is
11 a customer number in the FirstEnergy territory.

12 Dayton Power & Light territory is the
13 only one that requires the account number and the
14 name on the account to process an enrollment
15 successfully. That is an additional barrier to
16 somebody that wants to switch. It's additional
17 costs and efforts for me to process it and
18 reprocess errors. And the consequence for
19 customers is someone who wants to switch and reap
20 the benefits of lower costs may miss out on a
21 billing cycle because of the requirement that not
22 only do they have to submit the account number but
23 the name on the account as well.

24 BY MR. SHARKEY:

25 Q. Now, it's true, isn't it, that you

1 have not sponsored any testimony that quantifies
2 how often Duke Energy Retail has had the problem
3 that you've identified?

4 A. I did not quantify it.

5 Q. I think you've already told me that
6 you have not made any effort to quantify the costs
7 that would need to be incurred to accomplish this?

8 A. I did not quantify the costs to
9 change it.

10 Q. Do you know what would need to be
11 done to DP&L's computer and billing system to make
12 that happen?

13 A. I do not.

14 Q. And you don't make any effort to
15 quantify the amount of the benefits that would
16 result from that proposal either, do you?

17 A. I did not.

18 Q. Then starting on line seventeen you
19 discuss DP&L interval meter requirements, right?

20 A. I'm sorry, I didn't understand the
21 question.

22 Q. On page four, line seventeen there's
23 the beginning of a Q and A regarding DP&L interval
24 meter requirements?

25 A. Yes.

1 Q. I had a little difficulty
2 understanding what your -- what you're saying
3 should be changed here. Can you describe it for
4 me?

5 A. In the DP&L utility, when a customer
6 is on a load profile and not an interval meter and
7 then chooses to switch, that customer is reviewed
8 on an ongoing basis to determine whether it
9 requires an interval meter, an interval meter that
10 costs money that the customer would then have to
11 pay for, and this is inconsistent with other
12 utilities in the state of Ohio who when a load
13 profile -- a customer with a load profile chooses
14 to switch, those utilities do a one-time
15 assessment of whether that customer needs an
16 interval meter at the time they switch. And for
17 customers outside the DP&L territory, they can do
18 the cost benefits of whether to switch or to stay
19 with the default service and they have the full
20 information and the consequences of making that
21 decision at the time of when they -- of switching.

22 Within the DP&L utility, that is a --
23 the switching costs associated -- the interval
24 meter cost may or may not happen in the future
25 giving those customers uncertainty about the full

1 cost benefits associated with staying with the
2 default service versus going to a retail supplier
3 for its supply.

4 Q. Thank you. That helps. Do you
5 believe -- strike that.

6 So if I understand your testimony,
7 you think DP&L should make only a one-time
8 decision as to a customer -- as to an interval
9 meter and not make an ongoing review for a
10 customer as to whether an interval meter is
11 needed?

12 A. I believe that DP&L should make the
13 decision on whether a customer needs an interval
14 meter for switching at the time the customer
15 switches and not do it on an ongoing basis.

16 Q. Even if the customer usage generation
17 changes substantially over time?

18 A. Define -- I don't understand
19 substantial.

20 Q. Well, let's suppose the customer's
21 energy usage tripled over time -- let me say that
22 differently -- their demand tripled, would you
23 agree in that circumstance that an interval meter
24 would be necessary?

25 A. Well, I think that -- again, I'll go

1 back to the consistency with the other three
2 utilities. If the customer is staying on the same
3 rate code and there's rules within that rate code,
4 there shouldn't -- in my estimate, there should
5 not be a separate set of ongoing reviews for
6 switched customers, and that's the difference
7 between the utilities in the rest of the state
8 versus DP&L.

9 Q. It's true, isn't it, that you have
10 not included any numbers with your testimony to
11 let us know, first of all, how often the item that
12 you identified occurs?

13 A. I have no numbers, yes.

14 Q. So you don't know what costs are
15 incurred due to DP&L's proposal -- I'm sorry,
16 DP&L's current methodology?

17 A. I don't understand DP&L's costs.

18 Q. I'm sorry. A different question.
19 You said nothing here that quantifies the amount
20 of costs that either Duke Energy Retail or its
21 customers incurred as the result of DP&L's current
22 policy?

23 A. I did not quantify it.

24 Q. Okay. You don't quantify the
25 benefits of your proposal either, do you?

1 A. I do not.

2 Q. Okay. Let's turn to the next item,
3 the information on their current bill. If I
4 understand your testimony correctly, you're asking
5 that DP&L be ordered to include a customer meter
6 number on the bill; is that right?

7 MS. KINGERY: Can you give him the
8 page and line reference, please?

9 MR. SHARKEY: Page five, line nine.

10 THE WITNESS: Yes, I would like to
11 see Dayton Power & Light put the customer's meter
12 number on their bill.

13 BY MR. SHARKEY:

14 Q. Okay. What's the benefit of that?

15 A. For a retailer who purchase -- a
16 certified retail electric supplier who purchases
17 pre-enrollment data from Dayton Power & Light, it
18 allows us to connect an individual customer to
19 their usage in that pre-enrollment data. It
20 allows us to reconcile differences faster. It
21 allows us to tailor our message to customers and
22 instead of providing generic figures for an
23 individual customer, we can more easily provide
24 tailored messaging and marketing materials and
25 cost benefit analysis for individual customers

1 through the use of a meter number. And we do that
2 with -- we've done that with other -- within other
3 utilities within the state of Ohio, and it allows
4 us to leverage -- again, if it's consistent
5 across the state, investments can be made to make
6 it more -- leverage those investments and to talk
7 to customers.

8 Q. As with the other items, it's true,
9 isn't it, that you have not included any analysis
10 of how often this happens, the cost of your
11 proposal, or the benefits of your proposal?

12 A. I'm sorry, could you -- was there two
13 questions in that? I'm sorry.

14 Q. I tried to put three questions into
15 one to speed it up, but I'll break them up.

16 It's true, isn't it, that you haven't
17 included any analysis in your testimony as to how
18 often this item creates problems or issues for
19 Duke?

20 A. I did not.

21 Q. You haven't included any analysis of
22 the benefits in terms of a dollar figure that
23 would result from your proposal, have you?

24 A. I have not.

25 Q. And you've not included any analysis

1 as to how much it would cost to implement your
2 proposal, have you?

3 A. I have not.

4 Q. Let's talk about purchase of a
5 receivable. Duke Energy Retail is an active CRES
6 provider in the DP&L service territory, right?

7 A. We are.

8 Q. Do you serve both residential and
9 business customers?

10 A. We do.

11 Q. Okay. Does your purchase of
12 receivables program apply to both residential and
13 business customers?

14 MS. KINGERY: Objection. Whose
15 program are you talking about here?

16 MR. SHARKEY: The one he's proposing.

17 THE WITNESS: I would propose
18 following the Duke Energy Ohio receivables program
19 which I do believe covers residential and business
20 accounts.

21 BY MR. SHARKEY:

22 Q. Now, nothing has compelled Duke
23 Energy Retail to do business with those customers,
24 right?

25 A. No.

1 Q. Your answer was no. My question I
2 just poorly phrased was a negative. You're
3 agreeing with me that there's nothing to compel
4 Duke Energy Retail to do business with other
5 customers?

6 MS. KINGERY: Can you clarify what
7 customers you're referring to when you say those
8 customers?

9 BY MR. SHARKEY:

10 Q. Duke Energy Retail customers -- is
11 Duke Energy Retail compelled to do business with
12 any customers?

13 A. It is not.

14 Q. There's always a risk that when you
15 provide service before you get paid that the
16 customer may not pay you, right?

17 A. There is credit risks with any
18 customer you have.

19 Q. Okay. And you want DP&L to take on
20 the bad debt risk associated with Duke Energy
21 Retail customers?

22 A. No. I believe if you look at the
23 Duke Energy Ohio purchase of receivables program,
24 it is -- there is a reconciliation rider that Duke
25 Energy Ohio, the utility, is not taking on the bad

1 debt for those customers.

2 Q. Is that reconciliation rider, is that
3 a nonbypassable rider?

4 A. I don't know.

5 Q. Is that a rider charged to customers?

6 A. Yes.

7 Q. So you want DP&L customers to take on
8 the risk that Duke Energy Retail customers won't
9 pay it?

10 A. I believe that is a reasonable
11 approach considering that I cannot disconnect a
12 customer for not paying my portion of their bill.

13 Q. You voluntarily did business with
14 that customer, didn't you?

15 A. I did.

16 Q. One option available to you is to
17 require that customer to pay you in advance of
18 services, isn't it?

19 A. It would be, but I -- may, may not
20 be. I'm not sure if I can do that with
21 consolidated billing.

22 For example, if I have -- the issue
23 is with consolidated billing, it's not with --
24 where I dual bill a customer. If I dual bill a
25 customer, then I'm not asking for purchase of

1 receivables with that issue, I'm asking for a
2 consolidated bill. When my rates are on the
3 Duke -- DP&L utility bill, a customer gets one
4 bill from the utility with my charges and the
5 utility's charges. That customer then pays one
6 check to DP&L. DP&L has the ability to negotiate
7 payment plans with those customers on behalf of
8 the entire accounts receivable outstanding. I
9 cannot call that customer and ask them to pay my
10 portion directly to me. It has to go through
11 DP&L. So I'm not sure -- to be honest now that I
12 think it through, I'm not sure I could get an
13 advance -- expect an advance with consolidated
14 billing. I really don't -- I don't know if that
15 would work.

16 The clarity of a purchase receivables
17 program is there's one bill, there's one payment,
18 there's one consolidated accounts receivable, and
19 the person responsible for managing that accounts
20 receivable is the utility who has -- is the sole
21 person that can disconnect the person for
22 nonpayment.

23 Q. First of all, there's no requirement
24 that Duke Energy Retail use consolidated billing,
25 is there?

1 A. There is no requirement.

2 Q. And in addition, Duke Energy Retail
3 could require the customer to make a payment of
4 some security amount before Duke Energy Retail
5 agreed to take on that customer, couldn't they?

6 A. Again, I'm not sure if I can or can't
7 with consolidated billing.

8 Q. Well, outside of the entire
9 consolidated billing process, you could say that
10 before we're going to agree to sign you up, we
11 demand that you send us a check for a hundred
12 dollars if that's their expected monthly bill.
13 That's an option you could do, isn't it?

14 A. If it would align to the consolidated
15 billing, it is an option. It's one that would
16 cause customer confusion, in my opinion, and
17 create another barrier for people to choose an
18 alternative supplier.

19 Q. I understand that, but I'm trying to
20 figure out why customers should bear the risk that
21 Duke Energy Retail customers -- that other Duke
22 Energy Retail customers won't pay it when Duke
23 Energy Retail has other options available to it.

24 A. Well, I believe if you look at the
25 Duke Energy Ohio purchase of receivables program,

1 that that purchase of receivables program does not
2 only cover the supplier outstanding part of the
3 bill, it also includes the EDU portion of the bill
4 that's not paid as well. So I'm not asking for
5 special treatment for a CRES provider. I
6 believe -- if you follow -- if DP&L were to follow
7 the Duke Energy Ohio model, my understanding would
8 be that it would cover the credit risk within the
9 entire service territory.

10 Q. Do you know of any utilities in the
11 country besides Duke Ohio that offer a purchase of
12 receivables program?

13 A. There are other ones. I couldn't
14 name the utilities.

15 Q. Do you propose that receivables be
16 purchased at a discount?

17 A. I would defer to the Commission on
18 how to properly structure that.

19 Q. Does the Duke Ohio utility purchase
20 receivables at a discount?

21 A. It does not.

22 Q. It agreed to that position in a
23 stipulation, didn't it?

24 A. I believe it -- I don't know the
25 exact process for it making that agreement.

1 Q. You don't have any opinion as to
2 whether Duke Energy Retail receivables should be
3 purchased at a discount or not?

4 A. I would defer to the Commission on
5 what's the right compromises there.

6 Q. If the Commission were to determine
7 that the receivables should be purchased at a
8 discount, do you have a proposal regarding how
9 that discount rate should be established?

10 A. I do not.

11 Q. Are you aware of any competitive
12 market in which one competitor is required by law
13 to take on the bad debt risk of another
14 competitor?

15 A. I don't understand the -- I don't
16 understand the competitor versus competitor part
17 of your question.

18 Q. Do you understand that DP&L currently
19 provides SSO service to retail customers within
20 its territory?

21 A. Yes, I understand that DP&L, the
22 utility, provides default service -- the SSO to
23 unswitched customers in the DP&L utility service
24 territory. Yes.

25 Q. I'm sorry, actually that point was

1 irrelevant to my question so let's forget that and
2 move back to what my question was.

3 You're familiar with various markets
4 where it's purely competitive unregulated market,
5 from computers to television sets to cars, et
6 cetera, right?

7 A. I'm sorry, could you repeat that
8 again?

9 Q. You're aware that there are many
10 competitive markets where there's multiple
11 competitors operating --

12 A. Yes.

13 Q. -- I would include for example
14 automobiles, computers, TVs, et cetera, right?

15 MS. KINGERY: And I would object to
16 this line of questioning as it's irrelevant to the
17 case before us. We're not dealing with a
18 situation that's an unregulated market, but you
19 can go ahead and answer the question if you're
20 able.

21 THE WITNESS: I'm aware of other
22 industries.

23 BY MR. SHARKEY:

24 Q. Okay. Are you aware of any such
25 industry in which one competitor is required by

1 law to take on the bad debt risk of another
2 competitor?

3 MS. KINGERY: And who do you mean by
4 such industry?

5 MR. SHARKEY: Any competitive
6 industry that he's aware of.

7 MS. KINGERY: And I'll, again, object
8 to the line of questioning. It's irrelevant.

9 THE WITNESS: Outside of the utility
10 industry, none come to mind. Within the state of
11 Ohio, to your -- if I read you -- if I understand
12 what you meant by competitor versus competitor
13 being DP&L, the utility, versus Duke Energy Retail
14 Sales --

15 MS. KINGERY: I would object to
16 the -- again, to the line of questioning and the
17 formulation of the question. So at this point I
18 don't think we have a clear question in front of
19 us. Could you clarify it?

20 MR. SHARKEY: I think he's answered
21 my question already so I'll ask others.

22 MS. KINGERY: I didn't hear an answer
23 to any question. He said he was aware of
24 competitive industries.

25 MS. SPILLER: And maybe the answer

1 should be read back, Jeff. I don't think there's
2 a complete answer.

3 MS. KINGERY: Can you read back his
4 last answer?

5 (Record read.)

6 MR. SHARKEY: It sounds to me like
7 you've objected to your own witness' speech rather
8 than to a question that I've asked.

9 MS. KINGERY: Well, I object to the
10 form of your underlying question. So if you can
11 reask and clarify the question, then we can get a
12 good answer to whatever it is that you're trying
13 to ask.

14 MR. SHARKEY: Well, I'm happy with
15 the record as it reads. Thank you.

16 MS. KINGERY: All right. Well, I'd
17 also like to put then on the record my objection
18 to the characterization of DP&L as a competitor of
19 any CRES supplier in its territory.

20 BY MR. SHARKEY:

21 Q. Let me talk about your pre-enrollment
22 list testimony that I believe starts on page six.
23 Can you describe what information it is -- well,
24 first of all, let me step back.

25 What does Duke Energy Retail use a

1 pre-enrollment list for?

2 A. We use it for a number of things.
3 Assessing which customers we want to market to,
4 and we use it for pricing individual customers'
5 costs would be two examples.

6 Q. And what information do you want to
7 be made available on this pre-enrollment list?

8 A. I would like the future peak load
9 contribution and the network service peak load
10 contribution data for individual meters put on the
11 pre-enrollment.

12 Q. What is a future peak load
13 contribution?

14 A. It is assigned peak load contribution
15 that's been assigned for PJM so that I know how to
16 calculate the capacity cost for an individual
17 customer.

18 Q. What types of customers would you
19 like to have that information for?

20 A. I would like it for as much as I can.

21 Q. Would you use that information for
22 residential customers, business customers, or
23 both?

24 A. I would use it for business
25 certainly. I'm not sure if we need it for

1 residential.

2 Q. Then what's the network service peak
3 load contribution information that you want?

4 A. It is a -- again, a peak load factor
5 that helps us determine the transmission costs
6 associated with a -- the losses and costs
7 associated with a customer.

8 Q. Would you use that for residential
9 customers, business customers, or both?

10 A. Certainly business. I'm not sure if
11 we need it for residential. I would ask that it
12 be consistent with the other EDUs in the state.

13 Q. Let me ask that question because your
14 testimony doesn't address whether the other Ohio
15 EDUs all provide this. Do they?

16 A. They do.

17 Q. Again, you made no effort to quantify
18 either the cost or the benefits of your proposal,
19 have you?

20 A. I have not.

21 Q. It appears your last proposal is DP&L
22 should implement one hundred percent competitive
23 auctions immediately; is that right?

24 A. Yes.

25 Q. Did the recent Duke stipulation have

1 a phase-in of competitive bidding or did it go
2 immediately to hundred percent competitive
3 bidding?

4 A. It went to a hundred percent
5 competitive bidding.

6 Q. That was agreed to in the stipulation
7 by Duke Energy Ohio?

8 A. I believe it was.

9 Q. Do you understand that in the
10 Commission's order in the AEP case that it
11 implemented a more gradual process to a hundred
12 percent competitive bidding?

13 A. I did -- I do.

14 Q. Are you -- have you heard the phrase
15 MRO statute previously in your working life?

16 A. I'm aware of what MRO stands for.

17 Q. Are you familiar with the fact that
18 the MRO statute has certain competitive bidding
19 percentages by year?

20 A. I am.

21 Q. And you're aware that the proposal
22 made by DP&L moved to a hundred percent
23 competitive bidding more rapidly than the MRO
24 statute provided for?

25 MS. KINGERY: I object. That calls

1 for a legal conclusion.

2 BY MR. SHARKEY:

3 Q. You can still answer.

4 A. I'm not sure if it goes faster or
5 not.

6 Q. Do you know whether DP&L arrived at a
7 hundred percent competitive bidding more rapidly
8 than the MRO statute provides?

9 MS. KINGERY: Same question. Same
10 objection. You can answer if you can.

11 THE WITNESS: Again, I can't tell you
12 if it does because when you -- when I've read the
13 MRO timeline, there is a percentage for five years
14 and then some other language after that for the
15 next five years, but then inside that there's
16 additional language that, to me, I don't know if
17 it goes -- if those are the final numbers or if
18 those are the guidelines and then the Commission
19 can do whatever they want with the MRO.

20 Again, I'm not a lawyer and I can't
21 give you a clear assessment. It's not clear to me
22 that the percentages in there are firm and final.

23 BY MR. SHARKEY:

24 Q. If you assume that the percentages in
25 there were firm and final, i.e., ten percent in

1 year one, twenty percent in year two, thirty
2 percent in year three, et cetera, you would agree
3 with me then that DP&L moved to a hundred percent
4 competitive bidding more rapidly?

5 MS. KINGERY: And I would object just
6 on the point that he told you earlier that he had
7 not reviewed the application of DP&L in this case.
8 So if you know the answer, that's fine, you can
9 answer.

10 THE WITNESS: Yeah, I don't know the
11 exact schedule for the DP&L time frame in terms of
12 the percentages and if they're faster based than
13 ninety, eighty -- the five year plan that's
14 defined in the MRO language; and if you assume
15 that that is firm and final, I think you could
16 argue that it is faster.

17 BY MR. SHARKEY:

18 Q. So you simply don't know whether
19 DP&L's ESP proposal moved to a hundred percent
20 competitive bidding more rapidly than would be
21 permitted under the MRO statute; is that right?

22 A. I'm sorry. Say that again.

23 Q. You simply don't know whether DP&L's
24 ESP application provides for one hundred percent
25 competitive bidding more rapidly than would be

1 permitted under the MRO statute?

2 MS. KINGERY: And once again, I would
3 continue my objection. It calls for a legal
4 conclusion. You can answer if you can.

5 THE WITNESS: I don't know.

6 BY MR. SHARKEY:

7 Q. It's true, isn't it, that you've not
8 conducted any analysis of whether DP&L could
9 maintain its financial integrity if your proposals
10 regarding a hundred percent competitive bidding
11 were implemented?

12 A. I have not done that.

13 Q. It's also true that you haven't done
14 any analysis to determine whether DP&L could
15 provide reliable service if the proposals you
16 propose were implemented?

17 A. I have not done that analysis.

18 Q. Do you believe that it's in the
19 interest of DP&L's customers that it be able to
20 provide reliable service?

21 A. I'm sorry, say that -- could you ask
22 that again, please?

23 Q. Sure. Do you believe that it's in
24 the interest of DP&L's customers that it be able
25 to provide reliable service?

1 A. I'm not sure what you mean by
2 reliable service. Is that distribution service?

3 Q. If the power is on and they can turn
4 on their lights or their computers or their TV.

5 A. So supply service or the distribution
6 service?

7 Q. Start with distribution service. Do
8 you agree that it's in the customer's interest
9 that DP&L be able to provide reliable distribution
10 service?

11 MS. KINGERY: I object to relevance.
12 Go ahead. You can answer.

13 THE WITNESS: I believe reliable
14 service is important to customers.

15 BY MR. SHARKEY:

16 Q. Do you believe that it's important to
17 Duke Energy Retail that DP&L be able to provide
18 reliable service?

19 MS. KINGERY: What kind of service?

20 MR. SHARKEY: Distribution service as
21 before.

22 THE WITNESS: I believe so, but I
23 have not given that much thought so -- I believe
24 so.

25 MR. SHARKEY: Thank you, Mr. Walz. I

1 have no further questions.

2 (Thereupon, the deposition was
3 concluded at 2:44 p.m.)

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1 I, MATTHEW M. WALZ, do hereby certify that
2 the foregoing is a true and accurate transcription
3 of my testimony.

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8 Dated -----
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1 STATE OF OHIO)

2 COUNTY OF MONTGOMERY) SS: CERTIFICATE

3 I, Kathy S. Wysong, a Notary
4 Public within and for the State of Ohio, duly
5 commissioned and qualified,

6 DO HEREBY CERTIFY that the
7 above-named MATTHEW M. WALZ, was by me first duly
8 sworn to testify the truth, the whole truth and
9 nothing but the truth.

10 Said testimony was reduced to
11 writing by me stenographically in the presence
12 of the witness and thereafter reduced to
13 typewriting.

14 I FURTHER CERTIFY that I am not a
15 relative or Attorney of either party, in any
16 manner interested in the event of this action,
17 nor am I, or the court reporting firm with which
18 I am affiliated, under a contract as defined in
19 Civil Rule 28(D).

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1 IN WITNESS WHEREOF, I have hereunto set
2 my hand and seal of office at Dayton, Ohio, on
3 this 15th day of March, 2013.



Kathy S. Wyson

KATHY S. WYSONG, RPR
NOTARY PUBLIC, STATE OF OHIO
My commission expires 12-1-2013

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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: Deposition of Matthew M. Walz electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light Company