1 BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
2

3 In the Matter of the Application of The Dayton	)	
4 Power and Light Company For Approval of Its	)	
5 Electric Security Plan	)	Case No. 12-426-EL-SSO
6 In the Matter of the Application of the Dayton	)	
7 Power and Light Company For Approval of Revised	)	
8 Tariffs	)	Case No. 12-427-EL-ATA
9 In the Matter of the Application of the Dayton	)	
10 Power and Light Company For Approval of Certain	)	
11 Accounting Authority	)	Case No. 12-428-EL-AAM
12 In the Matter of the Application of the Dayton	)	
13 Power and Light Company For the Waiver of Certain	)	
14 Commission Rules	)	Case No. 12-429-EL-WVR
15 In the Matter of the Application of the Dayton	)	
16 Power and Light Company To Establish Tariff Riders	)	Case No. 12-672-EL-RDR

17

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19 Deposition of : STEPHEN E. BENNETT

20 Taken by : Dayton Power and Light Company

21 Date : Thursday, March 14, 2013, 1:30 p.m.

22 Place : Strawberry Square
23 320E Market Street
Harrisburg, PA

24 Before : Tracy L. Lloyd, Notary Public
25 Registered Professional Reporter

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1 I N D E X
WITNESS

2

STEPHEN BENNETT	Direct	Cross	Redirect	Recross
By Mr. Faruki	4	--	--	--
By Mr. Petricoff	--	--	--	--

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6 EXHIBITS
7

DP&L Exhibit Numbers	Page
1 - Direct Testimony of Stephen E. Bennett on behalf of RESA	4
2 - DPL Total CRES Bill Comparisons	4
3 - Prefiled Testimony of Patrick Donlon	93

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1 STEPHEN E. BENNETT, called as a witness,
2 being duly sworn, was examined and testified,
3 as follows:
4 DIRECT EXAMINATION
5 BY MR. FARUKI:
6 Q. Stephen, we know each other, so you know that
7 I'm Charlie Faruki, and I represent the Dayton
8 Power and Light Company, the Applicant in this
9 case. Would tell us your full name and business
10 address, please?
11 A. Yes. My full name is Stephen Earl Bennett. My
12 business address is 2 North Ninth Street,
13 Allentown, Pennsylvania. It's new to me. It is
14 18101-1179.
15 Q. Thank you. Off the record.
16 (Discussion held off the record.)
17 (DP&L Exhibits 1 and 2 were marked for
18 identification)
19 BY MR. FARUKI:
20 Q. Off the record we have marked two exhibits, the
21 first of which is your prefiled testimony that
22 we have marked as DP&L Exhibit 1 and the second
23 of which is a four-page set of spreadsheets that
24 Howard Petricoff kindly e-mailed to me this
25 morning which we have marked as DP&L Exhibit 2.

1 Do you have both of those handy to you if
2 you need them?
3 A. I do.
4 Q. Let me start on the first page of your
5 testimony. I take it I'm to congratulate you on
6 a new job, is that right?
7 A. Yes. Correct. Thank you.
8 Q. What is PPL EnergyPlus, LLC?
9 A. PPL EnergyPlus, LLC is a subsidiary of PPL
10 Corporation. It is a retail -- competitive
11 retail electric supplier in several jurisdiction
12 including Pennsylvania, Maryland, and New
13 Jersey.
14 Q. It's not active in Ohio presently?
15 A. It is not currently licensed as a CRES provider
16 in Ohio.
17 Q. Does it have any affiliation, contractual or
18 otherwise, with Exelon?
19 A. It has no affiliation. I can't speak to whether
20 or not there are any contracts in place from a
21 commercial perspective, but no other
22 affiliation. Completely separate corporations.
23 Q. What I'm driving at is I take it you have left
24 your previous employment with one of the Exelon
25 companies and joined PPL EnergyPlus?

1 A. That is correct. I'm no longer employed by the
2 Exelon Corporation.
3 Q. All right. Is PPL EnergyPlus a RESA member?
4 A. It is.
5 Q. And on Page 1, Lines 9 and 10, you say you were
6 a retail policy manager. Would you tell me
7 which years those were and what your duties were
8 in that job?
9 A. Yes. That would have been from 2008 through the
10 beginning of 2013, and my responsibilities there
11 were to direct and implement Exelon Energy's
12 regulatory policies for the competitive retail
13 market in Ohio, Illinois, Pennsylvania,
14 Michigan, New Jersey, and Maryland.
15 Q. What was Exelon Energy when you were with them?
16 A. They were a competitive retail electric provider
17 and a competitive retail natural gas supplier in
18 several jurisdictions. In Ohio, they were
19 licensed as both a CRES provider and a
20 competitive retail natural gas supplier.
21 Q. Were you employed by Exelon Generation before
22 Exelon Energy Company?
23 A. Yes.
24 Q. What years were those?
25 A. 2002 until 2008.

1 Q. What position did you have there?
2 A. I was -- I had several positions. I was a
3 program manager in the IT department. I was a
4 senior business analyst, and I was a FERC policy
5 manager for one year.
6 Q. Okay. You are not an economist, is that right?
7 A. That is correct.
8 Q. You are not an accountant?
9 A. That is also correct.
10 Q. You are not a lawyer?
11 A. Correct. I am not a lawyer.
12 Q. And I take it that while your employment is with
13 PPL EnergyPlus, your position here is, in
14 effect, you are the recent nominee to sponsor
15 testimony here?
16 A. That is correct.
17 Q. Have you testified previously?
18 A. Yes.
19 Q. I know you say on Page 2, you identify a
20 FirstEnergy case where you testified on behalf
21 of RESA. Do you have other testimony?
22 A. No.
23 Q. And whether or not you've testified live, have
24 you filed other testimony in matters?
25 A. I'm recalling. Have I filed testimony? Not to

1 my recollection. Not sponsored testimony where
2 I was the sponsoring witness.
3 Q. And have you been deposed before?
4 A. Yes.
5 Q. How many times?
6 A. One time.
7 Q. Was that in the FirstEnergy matter?
8 A. Correct.
9 Q. Is the prefiled testimony that you're sponsoring
10 here, Exhibit 1 to your deposition,
11 substantially similar to what you had sponsored
12 in the FirstEnergy case?
13 MR. FARUKI: Off the record.
14 (Discussion held off the record.)
15 MR. FARUKI: Back on the record. Would you
16 read the question that was pending when we took
17 our short break?
18 (The Court Reporter read back the following
19 question: Is the prefiled testimony that you're
20 sponsoring here, Exhibit 1 to your deposition,
21 substantially similar to what you had sponsored
22 in the FirstEnergy case?)
23 A. Can you define substantially?
24 BY MR. FARUKI:
25 Q. Let me approach it this way, Stephen. My

1 question is really whether this testimony was
2 written just for this case, the DP&L ESP case,
3 or whether it had its origin or its genesis in
4 some previous matter?
5 A. This testimony was written specifically for the
6 DP&L case; however, oftentimes we find that the
7 issues we deal with in the competitive market
8 and the ESP cases in Ohio are similar.
9 Q. Was the FirstEnergy testimony that you sponsored
10 on behalf of RESA the basis for some of the text
11 of this testimony?
12 A. It may have been. I don't know for certain.
13 Q. Who wrote this testimony?
14 A. It was a collaborative endeavor between myself,
15 RESA members, and counsel.
16 Q. On Page 2 you list members of RESA beginning on
17 Line 10. As I understand it, RESA has
18 additional members beyond those listed here, is
19 that correct?
20 A. None come to mind, but I also don't have the
21 RESA membership list in front of me, so I have
22 nothing to cross reference it against.
23 Q. Are all of the entities listed in that answer
24 active in Ohio?
25 A. I don't know that answer. I don't know whether

they are or not.
Q. Go back up to Line 6 in that answer where you say several RESA members are certificated as CRES providers. Do you know who those are?
A. Not exhaustively, no.
Q. Tell me the ones you do know.
A. Direct Energy, Constellation. Those are the only ones I know for sure.
Q. Okay. Take a look at Page 3 where you start to address the first of the five issues you've identified. Do you have that before you?
A. Yes. Page 3, Question 9?
Q. Yes, sir.
A. Yes.
Q. Let me ask some questions about that. First of all, you're saying the customer has to pay for the interval meter, is that right?
A. Correct.
Q. If a customer has a hundred kilowatts of demand, it would be a conservative estimate that they could save approximately 10 percent by signing up with a CRES provider, is that right?
A. I don't think I could answer that accurately.
Q. Do you know of any estimate of savings that someone could achieve by signing up with a CRES

1 provider if they have a hundred kilowatts?
2 A. Nothing specific. A residential customer could
3 go to an apples to apples chart. I imagine the
4 business customer could contact a CRES provider
5 directly to get a rough estimate of savings.
6 Q. Do you know that a customer with a hundred
7 kilowatts of demand has a generation bill
8 between two to $3,000?
9 A. No, not specifically.
10 Q. Have you made any analysis to determine what the
11 payback period would be for a customer's
12 investment of an interval meter?
13 A. I have not.
14 Q. Has RESA?
15 A. Not to my knowledge, no.
16 Q. So if the facts were to show that the customer
17 would be able to pay back or recoup that
18 investment in only two or three months, you have
19 no opinion whether that's a long time to recoup
20 that investment?
21 A. I would imagine that perspective would be one
22 that the customer would be better suited to
23 make.
24 Q. That means you have no opinion on it, is that
25 right?

1 A. I have no opinion on it.
2 Q. Do you know if there are very many customers of
3 DP&L that have not switched because of the facts
4 that you describe here?
5 A. I couldn't speculate on why customers do or do
6 not switch.
7 Q. I'm not asking you that. I'm asking if you
8 know, either accurately or approximately, how
9 many customers have switched?
10 A. Have switched? I'm sorry. Have switched in
11 total?
12 Q. No. How many customers who would qualify for
13 interval meters have not switched as a result of
14 the barrier that you think exists?
15 A. I'm not aware of the number of customers that
16 have or have not switched because of the meter.
17 Q. You are not aware that most of the customers
18 that are in the range of a hundred kilowatts
19 have switched?
20 A. I am not.
21 Q. If that fact is true, and I'll represent to you
22 that it is, then there's not much of a barrier
23 here, is there?
24 A. I don't know whether I can comment on whether
25 there is a barrier or not, but certainly there

is a discrepancy and a difference between a customer that shops at a hundred kilowatts and a customer that doesn't shop at a hundred kilowatts.

Q. And do you know whether or not DP&L would have to implement new load profiles if it would drop its interval meter threshold?

A. No.

Q. No, you do not know?

A. No, I do not know.

Q. Do RESA members want to know how much electricity their customers are using on an hourly basis?

A. While I cannot speak for all the RESA members, generally in this industry, yes, a CRES provider needs to know how much energy a customer is using in order to price and bill that customer accurately.

Q. And that information can come from an interval meter, is that right?

A. It is possible, yes.

Q. On Page 3, Line 13, you argue that, quote, the DP&L interval meter policy creates a discriminatory cost for shopping customers, end of quote. Do you see that?

1 A. Yes, I do.
2 Q. And you said you are not an economist, but what
3 do you mean by a discriminatory cost as opposed
4 to simply a cost?
5 A. If a customer in the DP&L territory has a
6 hundred kilowatts of demand and is shopping,
7 they must incur the cost of an interval meter.
8 If that same customer chooses not to shop, then
9 they do not incur the cost of an interval meter,
10 and, therefore, there's a cost associated with a
11 shopping or not shopping decision that is
12 discriminatory in that it is only applied to a
13 shopping customer.
14 Q. What you're really talking about is a cost that
15 is incurred if a customer makes a particular
16 decision, is that right?
17 A. What I am saying is that if a customer chooses
18 to shop at a level of 100 kilowatts or above,
19 they are forced under the DP&L tariff to incur
20 the cost of an interval meter.
21 Q. Okay. The answer that runs -- this is Question
22 11 -- that runs from Page 3 to Page 4, do you --
23 are you saying that the policies of FirstEnergy,
24 AEP Ohio, and Duke are identical?
25 A. I'm saying that my understanding is that in all

1 three of those EDU territories, the obligation
2 to install a interval meter does not begin until
3 the 200 kilowatt demand level.
4 Q. Other than DP&L, are there companies in Ohio
5 that have a different threshold?
6 A. Not that I'm aware of.
7 Q. Well, since you phrased it that way, have you
8 looked?
9 A. I have not.
10 Q. On Page 4, Line 5, you have a reference to
11 receiving particular data free of charge, is
12 that right?
13 A. That's correct.
14 Q. Why should the data be free?
15 A. Well, RESA believes that customer data is the
16 property of the customer, and that if a customer
17 pays for interval meter installation, interval
18 meter telemetry, then that data should then be
19 provided to the customer free of charge.
20 Q. Even if there is a cost to create or handle the
21 data? Are you still thinking?
22 A. I am still thinking.
23 Q. Okay. Thinking is allowed. I just want to make
24 sure we're still on the line.
25 A. Understood. I guess my answer would be there

1 are other utilities that provide interval data
2 without an explicit charge to the customer or
3 the retail supplier. And while I can't be
4 certain that there is a cost or not a cost to
5 manage that data, I would say after the
6 investment that the customer has made in the
7 infrastructure to collect and provide that data,
8 that, yes, they should receive the data free of
9 charge regardless of whether there is a cost to
10 handle or manage that data.
11 Q. So if there is a cost of creating or handling or
12 managing the data, you think the utility, DP&L,
13 should bear that cost?
14 A. Well, I guess I believe that, again, the data is
15 the property of the customer, and the customer
16 should be able to retrieve and have access to
17 their data without incurring a cost.
18 In addition, I would posit that most likely
19 a non-shopping customer can receive their data
20 without incurring the same cost that a shopping
21 customer can incur.
22 Q. So tell me the economic rationale for having the
23 data be provided, but the utility bears any cost
24 of creation or handling or managing the data,
25 if you have one.

1 A. I don't have an economic rationale.
2 Q. Okay. I think you told me a minute ago that --
3 let me ask it this way, do you know that all
4 other utilities provide interval data without
5 charge? Is that your testimony?
6 A. No. I don't know that all other -- I do not
7 know that all other utilities provide interval
8 data without charge.
9 Q. Do you know that some utilities provide interval
10 data at a charge?
11 A. I don't know that for certain.
12 Q. I take it for purposes of your testimony here
13 you have not examined that question, is that
14 right?
15 A. That's correct.
16 Q. Okay. Let's go to your second issue on Page 4
17 which is on the subject of web-based and EDI
18 data exchange, is that correct?
19 A. Correct.
20 Q. Before formulating your testimony on this issue,
21 did you examine the testimony of DP&L witness
22 Donna Seger-Lawson?
23 A. I did not.
24 Q. So before you explain what you explained here
25 about your second issue, you did not know that

1 DP&L was proposing to implement additional EDI
2 transactions and a web-based portal?
3 A. I knew from the Case Number 12-426-EL-SSO
4 revised ESP Book 1, Page 14 and 15 lists
5 competitive retail enhancement proposals.
6 Q. What's the answer to my question, though?
7 A. Can you repeat your question?
8 Q. I'll have the Court Reporter do it. She'll do a
9 better job.
10 (The Court Reporter read back the following
11 question: So before you explain what you
12 explained here about your second issue, you did
13 not know that DP&L was proposing to implement
14 additional EDI transactions and a web-based
15 portal?)
16 A. So based on the document that I just described,
17 I did know that DP&L was proposing a list of six
18 competitive retail enhancement that included a
19 web portal and EDI improvements.
20 BY MR. FARUKI:
21 Q. Your testimony was filed last Monday, March
22 11th, is that right?
23 A. Yes.
24 Q. That was -- I think that was a date that was
25 extended a few days at the request of counsel

1 for RESA. And let me ask, why did you not
2 examine the testimony of DP&L on this subject in
3 the process of doing your own testimony?
4 A. I prepared my testimony as I saw fit.
5 Q. So did this section of the testimony on your
6 second issue come from some previous testimony
7 or other written piece?
8 A. As I said before, it was a collaborative
9 endeavor to write the testimony between myself,
10 RESA members, and counsel to the extent that I
11 can't say specifically that any of the testimony
12 herein was borrowed from previous testimony.
13 Q. And you cannot say it was not either, is that
14 right?
15 A. That's right.
16 Q. In the question -- the answer to Question 14 you
17 are talking about, Line 21, standardization
18 makes it easier for more suppliers to enter the
19 Ohio market. So the standardization that you
20 talk about that flows from this proposed change
21 is something that is a benefit to the CRES
22 providers, is that right?
23 A. I would say that a well-run, efficient, robust,
24 competitive retail market has benefits to
25 customers, business, and CRES providers.

1 Q. And you would agree with me that the web-based
2 and EDI data exchange has benefits to those
3 three parties or market participants, is that
4 right?
5 A. It has benefits to market participants, correct.
6 Q. And, in particular, to those three market
7 participants or types of market participants
8 that you just named; right?
9 A. I guess I would say that all -- I would say that
10 any market participant would benefit from a
11 well-structured, efficient, robust, competitive
12 retail market.
13 Q. And that would include DP&L or not?
14 A. I don't know that I would -- I don't know that I
15 could -- I don't know that I could properly
16 assess whether or not the market would benefit
17 DP&L, but -- yeah, I don't know that I can
18 answer that question.
19 Q. Okay. Take a look at the next page. The first
20 full sentence says if the data -- I'm going to
21 paraphrase because it's rather long. If the
22 data is comprehensive and uses industry standard
23 data formats, then there are certain benefits to
24 CRES providers, is that right?
25 A. I say that there are fewer modifications to

1 existing systems, and they may be able to
2 capture economies of scale.
3 Q. They being CRES providers?
4 A. Correct.
5 Q. So those are benefits to CRES providers, isn't
6 that right?
7 A. Again, I think -- I think a robust market
8 with -- I think a highly efficient, robust
9 market with numerous retail suppliers and broad
10 choice for customers is beneficial to a broad
11 range of market participants.
12 Q. That's not my question. I'm asking you isn't
13 this a benefit to the CRES provider, not to
14 DP&L?
15 A. I would say that while there is a benefit to the
16 CRES provider, efficient data interaction
17 between the CRES provider and DP&L is actually
18 in DP&L's best interest, as well. I would say
19 that DP&L probably benefits from the fact
20 that -- from automated data interfaces that
21 don't require personnel to interfere or
22 intervene manually.
23 I would say probably it would allow them to
24 have more efficient operations internally if
25 they can provide the data that's requested

1 timely, accurately, and comprehensively.
2 Q. On Page 5, Line 11, you indicate that in your
3 view the Commission should direct DP&L to
4 implement a web-based system, and then you go on
5 to describe some of the features of it, is that
6 right?
7 A. Correct.
8 Q. Do you have any idea of the cost of so doing?
9 A. I do not.
10 Q. Do you have any idea of the time frame it would
11 take to develop, test, and implement that?
12 A. I do not.
13 Q. When you -- well, let me ask you this, how do
14 you -- how does RESA expect to pay for that?
15 A. I don't -- I'm sorry. Can you repeat that
16 question again, please?
17 Q. Yes, sir. I'm asking how RESA expects to pay
18 for that?
19 A. I don't know that RESA has an expectation that
20 they would or would not pay for that.
21 Q. So you are not making any proposal with regard
22 to payment for this web-based system that
23 provides these features?
24 A. I don't believe -- I'm checking through my
25 testimony, but I don't believe my testimony does

1 include any specific suggestions or proposals on
2 how to pay for these features, no.
3 Q. Since ordinarily when you want something you
4 have to pay for it, is this a circumstance in
5 which RESA is willing to pay for DP&L to provide
6 this service?
7 A. To answer that question would require an amount
8 of detail that is not currently available. I
9 think that RESA has in the past shown a
10 willingness to contribute to the development of
11 retail enhancements; however, that's not a
12 blanket statement that I can make, and it would
13 depend on the cost, time, structure, details,
14 design, implementation deadlines, things of that
15 nature.
16 There is just a myriad of components that
17 would have to be assessed to understand whether
18 or not that cost associated with the web-based
19 system would be appropriate for CRES providers,
20 and it certainly would not just be RESA. It
21 would be CRES providers or customers or some
22 combination of entities would be best suited for
23 cost recovery of the development of the system.
24 Q. A couple of things I want to ask about in that
25 answer. You mentioned cost, time, design,

1 details, implementation details, those would
2 have to be considered in the implementation of
3 this system, is that right?
4 A. Yes. Any software based system for business
5 implementation I'm sure would have to consider
6 time, cost, and effort.
7 Q. So you're not proposing that DP&L bear all of
8 this cost, are you?
9 A. I'm not proposing any cost recovery mechanism in
10 my testimony.
11 Q. On Page 5, Line 13, you have a six-month time
12 frame. Where did that come from? What's the
13 basis of that?
14 MR. PETRICOFF: I'm sorry. Could you
15 give me the question number you're referring
16 to?
17 MR. FARUKI: Page 5, Line 13, Howard. And
18 I'm asking for the basis of the six-month time
19 frame he has there.
20 MR. PETRICOFF: I see. This would be
21 Question 15, Stephen.
22 A. Thank you, Howard. The basis is basically a
23 suggestion so that -- to try to ensure timely
24 implementation and not leave the implementation
25 time frame open-ended.

1 BY MR. FARUKI:
2 Q. So the six months was not the product of some
3 previous experience, but was a placeholder for
4 the time that would be required to do this?
5 Would that be accurate?
6 A. It was not based on any assessment or previous
7 experience.
8 Q. Okay. So you don't know whether it would take
9 shorter or longer than six months to do the
10 things you were describing?
11 A. I do not.
12 Q. In the next sentence that begins to assist, you
13 say that you believe the Commission should adopt
14 a uniform system set of data and information
15 that DP&L is required to provide. Are there any
16 proceedings pending in Ohio that deal with that
17 issue?
18 A. Not that I'm explicitly aware of.
19 Q. You then list on a 1, 2, 3, 4 basis a number of
20 features, and where did those come from?
21 A. These are basic -- these are basic fundamental
22 components of useable and useful EDI and
23 web-based and other data provision mechanisms
24 that RESA has advocated in multiple
25 jurisdictions.

1 Q. Do you know whether any jurisdiction has ordered
2 or I'll withdraw that. Do you know if any
3 jurisdiction has declined to order them?
4 A. In total and in exactly this format?
5 Q. No. I was trying to keep the question easier
6 for you to answer. You can answer that question
7 first.
8 A. Well, yeah, I don't know for sure or with
9 certainty that any jurisdictions have or have
10 not declined these. I know -- yeah. I don't
11 know that.
12 Q. Okay. Do you know if any jurisdictions have
13 ordered all of these to be done?
14 A. I am aware of jurisdictions that have ordered at
15 least parts of these to be implemented. I don't
16 know for certain that there's a jurisdiction
17 that has ordered all of these things to be done
18 in this -- packaged in this format or the way it
19 was presented in testimony.
20 Q. Do you know -- I'm talking now about the
21 entirety of your list of points 1 through 5 that
22 starts on Page 5 and ends on Page 7, what the
23 cost of such a system would be?
24 A. I do not.
25 Q. Do you know what the time to develop it would

1 be?
2 A. I do not.
3 Q. Do you know what the time to implement it would
4 be?
5 A. I do not.
6 Q. The items that you are listing here, 1, 2, 3, 4,
7 5, and their various subpoints, are benefits to
8 CRES providers, is that right?
9 A. Again, they're part of -- these suggested
10 enhancements would result in a well-structured,
11 efficient, competitive marketplace that benefits
12 numerous market participants.
13 Q. But they do benefit CRES providers; correct?
14 A. CRES providers as a market participant would
15 derive some benefit from this, yes.
16 Q. Well, given how important you say this is, would
17 you agree that CRES providers would derive
18 substantial benefit from it?
19 A. I think given the fact that the utilities in
20 large part, because of their legacy as being
21 regulated monopolies, are in a position to own
22 all customer data, and there is no way to have a
23 competitive retail market unless those utilities
24 provide that customer data which, again, while
25 we say the utilities are the owner of it or the

1 storer of data, they do not actually own the
2 data itself. The customers own the data.
3 So the only way for a competitive market to
4 actually exist in any way is for the utilities
5 to provide that data to authorize suppliers at
6 the behest of their customers in order for those
7 suppliers to provide services to those
8 customers.
9 So I think it's more fundamental than
10 whether CRES providers benefit from these
11 systems. I think in order to have a competitive
12 market of any kind, this data needs to be
13 available to the authorized agents of the
14 customers because it's their data. It is the
15 customers' data. So the customers benefit from
16 efficient, accurate, comprehensive, and timely
17 dissemination of their data to the CRES
18 providers and other agents that they authorize
19 to have that data.
20 This is a market and a customer benefit.
21 The CRES providers are simply market
22 participants, and likely other market
23 participants benefit in total from a well-run,
24 well-structured, efficient marketplace.
25 Q. With respect, you're not answering my question

1 which is isn't it true that the list of features
2 1 through 5 on Pages 5 through 7 are a
3 substantial benefit to CRES providers?
4 A. Can you define substantial?
5 Q. Well, let me ask it this way if you want to do
6 that, would you say that these benefits on the
7 list 1 through 5 are of minimal benefit to CRES
8 providers? You wouldn't say that, would you?
9 A. I go back to CRES providers exist only when
10 there's a viable marketplace. Customer data is
11 fundamental to a viable marketplace. The
12 efficient, timely, and accurate provision of
13 customer data, again, is fundamental to a viable
14 marketplace.
15 So CRES providers derive a benefit from an
16 efficient market. This is necessary for an
17 efficient market. So CRES providers and their
18 customers and all market participants derive
19 value from these enhancements.
20 Q. I'm not asking about other market participants,
21 and you keep trying to tell me about that. I'm
22 asking about CRES providers.
23 A. I said --
24 Q. Isn't it true in your view that these five items
25 on your list are critical to CRES providers?

1 MR. PETRICOFF: I'm going to object. Asked
2 and answered, but you can answer again.
3 A. So I'll say it like this, CRES providers do not
4 exist without a viable market. A viable market
5 does not exist without customer data. So CRES
6 providers need customer data to operate in the
7 DP&L or any market. So from that line of logic,
8 yes, CRES providers derive benefit from
9 efficient, automated customer data provision.
10 BY MR. FARUKI:
11 Q. Do you know if what is listed here or some of it
12 is what DP&L is already planning to implement?
13 A. At least at a high level, yes.
14 Q. Do you know anything on this list that DP&L is
15 not planning to do, and by this list I mean the
16 1 through 5 list we've been discussing that
17 begins on Page 5?
18 A. I am not explicitly aware that every data
19 component in Number 4, which is the list that
20 starts that is on Page 6 that starts on Line 7,
21 I don't know for sure that all of those data
22 components are part of what DP&L has proposed in
23 its application to include in its EDI
24 enhancements.
25 Also, going to section or the list under

1 Number 5 which is on Page 7 starting on Line 1,
2 I don't know for sure that DP&L is actually
3 planning any of these based on the list of
4 competitive retail enhancements that I have
5 read.
6 Q. In Number 5 on Line 2, what other Ohio utilities
7 do you have reference to?
8 A. My understanding is that all the other Ohio
9 utilities -- my understanding is that all the
10 other Ohio utilities have adopted the processes
11 described here.
12 Q. All of A through G, is that your testimony?
13 A. Yes.
14 Q. On Question 16 you are describing why the list
15 of 1 through 5 is important, is that right?
16 A. Yes. Correct.
17 Q. And you talk about the effect of these additions
18 and modifications on CRES providers?
19 A. Yes, and customers, yes.
20 Q. That was my next question, okay. Take a look at
21 Page 8, please.
22 A. Okay.
23 Q. The answer to Question 17 has some standards
24 with acronyms that you're abbreviating, but I'm
25 not going to try to pronounce the acronyms.

I'll just say with reference to the special meter configuration, the loss factor, and the service voltage standards, have any of those been adopted in Ohio?

A. I believe, but I cannot say with certainty that they have been adopted in FirstEnergy.

Q. But you don't know?

A. I don't know for certain.

Q. I don't want you to guess. If you know, fine. If you don't, fine.

A. I don't know for certain.

Q. Okay. So I may have interrupted you there. Is it accurate that you do not know if utilities in Ohio have adopted these standards?

A. It is accurate to say that I do not know for certain whether or not they have adopted these standards.

Q. Have you made an analysis or study of any sort with regard to the costs of implementation of these standards?

A. No.

Q. Do you know of any jurisdiction that has declined to adopt any of the standards?

A. No.

Q. Is it your testimony that they are being used

1 throughout Pennsylvania, New Jersey, Delaware,
2 and Maryland?
3 A. To be specific, the REFKY is only being used in
4 Pennsylvania, so the special meter
5 configuration.
6 Q. Okay.
7 A. My understanding is both the REFLF and the
8 REFSV, which are the loss factor and service
9 voltage, are EDI components are used in
10 Pennsylvania, New Jersey, Delaware, and
11 Maryland.
12 Q. What does the REF stand for?
13 A. These are EDI naming conventions. I'm not aware
14 of how or why they use them. I just know that
15 these are the EDI, Electronic Data Interchange,
16 naming conventions that are used.
17 Q. Does the special meter configuration tell the
18 CRES provider if the customer has net metering
19 or combined heat and power or distributed
20 generation?
21 A. Yes.
22 Q. Why is that information important to a CRES
23 provider?
24 A. In order for a CRES provider to comply with
25 rules, regulations on how those customers are to

be served. The CRES provider needs to know whether or not that customer does or does not have those attributes.

Q. Well, there is another reason, isn't there, that suppliers want to know if a customer is net metering so they can avoid that customer?

A. No. That's not accurate.

Q. What is net metering?

A. Net metering is when a customer has a meter that is able to detect both inflows and outflows. So if they have a distributed generation technology of some kind, the meter captures both the energy usage of the customer as well as the energy generation of the customer.

Q. Net metering systems reduce the amount of generation a customer needs, is that right?

A. They can. I mean they basically -- it's the net output between what the customer uses and what the customer generates.

Q. Yes, sir. And net metering usually provides or causes fluctuations in customer electric needs, doesn't it?

A. Every customer situation is different, but the net meter is meant to be able to capture the variation between usage and distributed

1 generation at the customer site.
2 Q. You are aware that net metering is generally not
3 a moneymaker for a CRES provider?
4 A. I don't think that's accurate.
5 Q. How would you characterize the economics of the
6 net metering then from the CRES provider's
7 standpoint?
8 A. CRES providers provide a multitude of different
9 products. I certainly couldn't speak to all of
10 them. I don't and shouldn't know the details of
11 what my competitors' products are, how they're
12 structured, but I do know that CRES providers
13 work with customers to tailor the products they
14 provide to them so that those products are the
15 best possible value for those customers.
16 If you have a customer with distributed
17 generation or that's interested in distributed
18 generation, you tailor your product to meet that
19 customers' needs. You either can or can't, and
20 the customer chooses you as its supplier or not.
21 In addition, several CRES providers have
22 service offerings that include distributed
23 generation. So a CRES provider may be very keen
24 to serve a customer on a net meter, especially
25 if that allows them to further offer that

1 customer additional services like a solar
2 installation or other distributed generation
3 that would warrant a net meter and benefit the
4 customer.
5 Q. You know that what you just described is not
6 common, don't you?
7 A. I can't speak to the prevalence because I don't
8 know. I haven't done an assessment of the
9 prevalence either in Ohio or across other
10 jurisdictions. I think that what you see is an
11 increasing interest in such things, and as you
12 see -- I think if you -- I don't know for
13 certain, but anecdotally I'd say that there's
14 probably -- when you look at places like New
15 Jersey, that has an increasing penetration of
16 residential and consumer solar installation and
17 other areas. While it may not be common now, I
18 would imagine it's something that will grow in
19 the future.
20 Q. You're speculating, aren't you?
21 A. I am speculating. So to answer your question as
22 I think you originally posed it, I don't know
23 for sure whether it's common or not.
24 Q. You work for PPL EnergyPlus so let me ask you if
25 PPL EnergyPlus serves customers that have net

1 metering?
2 A. You know, I've only been with PPL EnergyPlus for
3 about a month, and I do not know the full -- I
4 don't know the full catalog of the customers
5 that we do and don't serve at this point.
6 Q. Take a look at Line 17 of Page 8. You have a
7 reference there to the special meter
8 configuration helping CRES providers more easily
9 serve customers who are investing in innovative
10 energy solutions like advanced metering
11 infrastructure.
12 Let me ask you this, do you know in what
13 state or states customers are investing in
14 advanced metering infrastructure?
15 A. Well, I'm not exactly sure how to answer that
16 other than I can say that I know that advanced
17 metering infrastructure is being rolled out in a
18 number of states, either planned or in process,
19 that would include Illinois, Pennsylvania. I
20 know that net metering exists in places like
21 Illinois and Pennsylvania.
22 I know that in some cases those net meters
23 are installed and paid for by suppliers or other
24 service providers. I know that in some cases
25 those meters are installed and paid for by the

1 customers themselves.
2 Q. Well, isn't it true that advanced metering
3 infrastructure is usually a utility investment,
4 not a customer investment?
5 A. It may be -- I mean it may be semantics. I
6 think, most often, advanced metering
7 infrastructure is thought of smart meters or
8 interval meters, and there is evidence in the
9 marketplace that those are often undertaken by
10 the utilities themselves because of the cost and
11 scale.
12 If you extend the definition of AMI to mean
13 things like net metering and other intelligent
14 or advanced meter applications, in some cases
15 customers can be the ones investing in that
16 meter. If you think about someplace like DP&L
17 where it's the customer who is responsible for
18 paying for an interval meter, you could take
19 that as an example of where customers are paying
20 for and investing in AMI for themselves.
21 Q. On Page 9, Question 19, I take it that what
22 you're asking is for DP&L to cancel supplier
23 charges when it cancels the distribution charge,
24 is that right?
25 A. That is correct.

1 Q. And you have not looked at Donna Seger-Lawson's
2 testimony on that point?
3 A. No.
4 Q. I will represent to you that on Page 13 of her
5 testimony that is what she is suggesting. Why
6 is it that in preparing your testimony, even
7 after an extension of time to do so, you did not
8 look at her testimony on what DP&L is suggesting
9 on these issues?
10 A. I looked at a different list of proposed retail
11 market enhancements and did not look at Ms.
12 Lawson's testimony.
13 Q. I'm asking why not?
14 A. Because I utilized the assets and documents and
15 exhibits that I saw fit to create the testimony.
16 Q. So you were provided with the company's filing
17 in this case, is that correct?
18 A. It was -- the company's filing is available
19 publicly on the PUCO website.
20 Q. Did you look at it?
21 A. I looked at portions of it, yes.
22 Q. Was there some reason you did not examine her
23 testimony which is part of the filing and is
24 publicly available on these issues?
25 A. Well, in the revised ESP Book 1 on Page 14 there

1 is a list of competitive retail enhancements,
2 and rather than use the testimony, I used that
3 list in my preparation of the testimony.
4 Q. On Page 9 you say, on Line 21, that there should
5 be a transition to supplier consolidated
6 billing. Do you see that?
7 A. On line -- I see that I say there's -- I
8 describe a benefit of the potential of an
9 eventual transition.
10 Q. Are you -- you're not saying that there should
11 be a transition to supplier consolidated billing
12 then?
13 A. I'm saying that -- well, what I'm saying is that
14 the Commission should or actually what I'm
15 saying specifically is that DP&L should commit
16 to future stakeholder meetings where that would
17 be discussed.
18 Q. Okay. What is the benefit to a supplier in
19 issuing a consolidated bill for customers?
20 A. Well, the supplier would be able to manage its
21 relationship with the customer more closely. It
22 would be able to brand the bill, and it would be
23 able to create innovative product offerings, so
24 structure the product that it offered to its
25 customers without having to rely on utility

1 billing systems being able to accommodate that
2 innovation.
3 In addition, it would be able to create
4 those innovations without socializing the
5 capability to serve those bills through the
6 utility billing system, and what I mean by
7 that is, for example, if there's a rate ready
8 billing system and a CRES provider comes up
9 with a unique or an innovated way to structure
10 the pricing of a product and the utility
11 develops the ability to bill that product
12 through its system, then, ostensibly, another
13 CRES provider could leverage the work that the
14 utility had done in order to offer a similar
15 product.
16 Q. Are you aware that DP&L already has rate ready
17 billing and bill ready billing?
18 A. Yes, I am aware of that.
19 Q. And so what you are suggesting here is a third
20 kind of billing option, is that right?
21 A. I am, although my understanding from the
22 existing alternative generation supplier
23 coordination tariff is that DP&L already offers
24 supplier consolidated billing option.
25 Q. And have you done some cost benefit analysis to

1 demonstrate that what you are suggesting here is
2 worth the cost?
3 A. No. Although --
4 Q. Sorry. I didn't mean to interrupt you. Go
5 ahead.
6 A. No. That's okay. Sorry.
7 Q. If the supplier is doing the consolidated
8 billing, who would issue the disconnection
9 notices?
10 A. It would still be the utility.
11 Q. How would DP&L get notification from the
12 supplier which customers to disconnect?
13 A. I don't know. I would imagine there would be
14 different -- there would be the potential for
15 different mechanisms. Could be handled through
16 EDI.
17 Q. You're guessing?
18 A. I would suggest that it be handled through
19 EDI.
20 Q. There could be a lag if the customer paid the
21 supplier, but the company is already going out
22 to disconnect the customer; right?
23 A. I'm sorry. Could you -- I don't understand the
24 question.
25 Q. Let me have Tracy read it back.

1 (The Court Reporter read back the following
2 question: There could be a lag if the customer
3 paid the supplier, but the company is already
4 going out to disconnect the customer; right?)
5 A. I'm not trying to be obtuse. I don't know if
6 there's an example. I don't understand the
7 question.
8 BY MR. FARUKI:
9 Q. All right. Suppose the customer has not paid,
10 and the company is notified to disconnect the
11 customer, and the company is en route to
12 disconnect the customer, but the company pays,
13 that could happen, or the customer pays; right?
14 A. That seems like a reasonable possibility.
15 Q. Right. And that situation would be more
16 aggravating and confusing to customers, wouldn't
17 it?
18 A. I can't possibly say what would or wouldn't be
19 aggravating to customers.
20 Q. You don't think it would be aggravating to a
21 customer if the customer has made a payment, but
22 he disconnected that afternoon?
23 A. I would -- I mean I don't know how that would be
24 any different than whether or not they paid the
25 utility while the utility was out doing a

1 disconnect.
2 Q. Well, it's different because of the lag that
3 would be built in because of the communications
4 between the company and the CRES supplier?
5 A. I'm having trouble seeing the difference between
6 whether or not, say, in the morning a crew is
7 dispatched to disconnect a customer, and two
8 hours after that crew is dispatched, the
9 customer pays the utility.
10 Q. Well, let me ask a different question then.
11 With supplier consolidated billing, would the
12 supplier offer payment plans like the utility is
13 required to do that would permit a customer who
14 has fallen behind in payments to pay their
15 balance over a two-year period?
16 A. It's possible. It would -- it's possible that a
17 CRES provider would adopt the same payment
18 structure that the utilities have for deferred
19 payments or partial payment plans.
20 Q. So when you say it's possible, you don't really
21 know?
22 A. So supplier consolidated billing is handled in
23 several different ways depending on the
24 jurisdiction in which it currently exists. For
25 example, in Texas, Texas is a slightly different

1 model because there is no utility supplied
2 service, but the equivalent of CRES providers in
3 Texas actually do bill their customers and remit
4 payment to the distribution utilities in Texas,
5 and they do so with what could be considered a
6 reverse purchase of receivables.
7 So in that case the retail suppliers pay
8 all the money to the distribution utilities
9 regardless of how much has been collected from
10 the customer and then manage the collection and
11 the payment and deferral and other payment
12 programs or special arrangements that are
13 allowed by jurisdictional law and code.
14 So I think -- I can't say exactly what they
15 would be, but certainly to make supplier
16 consolidated billing work, there would need to
17 be a mechanism that would allow customers to
18 have deferred or partial payment plans like they
19 do now.
20 Q. Would the supplier charge the company for
21 supplier consolidated billing?
22 A. I don't know for certain. That's certainly an
23 option, but I don't know for certain that that
24 would be the way it would be structured.
25 Q. Is there any economic reason that the utilities

should pay for that when they have a perfectly working billing system that is rendering bills for its service?

A. I would say again -- well, is there any way? Certainly. If the supplier can do it at a lower cost point and it would actually cost the utility and customers less for the supplier to do it than the utility, absolutely. Why not? If -- that's the first benefit that pops to mind.

The utility ostensibly would be saving money on postage. So to the extent that any kind of savings accrued to the utility for the supplier to do the billing, possibly.

Q. Are you guessing here or did you make some study to show this is possible?

A. I have no study to show that it's possible. I would note again that in the existing supplier coordination tariff in DP&L, there is a provision for supplier consolidated billing. It doesn't go into detail of whether or not there is a cost associated or a cost transfer from DP&L to the supplier, but it does exist.

Q. Well, on Page 9, Line 23, where you talk about

1 being constrained by utility billing systems,
2 you are aware that DP&L has had bill ready
3 billing since May of 2012?
4 A. I wasn't aware of the exact date, but I was
5 aware that they do have a viable bill ready
6 billing system in place currently, yes.
7 Q. With bill ready billing the supplier can
8 calculate its own charges and send them to the
9 utility to be included on the bill, is that
10 right?
11 A. A bill ready enabled supplier can do that, yes,
12 correct.
13 Q. The CRES provider has flexibility with respect
14 to the prices it charges through bill ready
15 billing, is that correct?
16 A. Yes.
17 Q. So given these facts, what aspects of bill ready
18 billing provide a constraint, to use the word
19 you're using, for the CRES provider?
20 A. Well, I suppose because your question was
21 specific to bill ready billing, I would say the
22 only constraints from a bill ready billing
23 perspective would be the ability for the CRES
24 provider to control the invoice and the
25 invoicing process completely and also to use the

1 bill to brand the bill for the CRES provider as
2 opposed to the utility.
3 Q. So you think that the constraint is on
4 marketing?
5 A. Well, we're talking -- your question was
6 specific about bill ready billing, and the
7 reality is not every CRES provider has the
8 ability to use bill ready billing. So there are
9 product structuring innovation constraints on
10 rate ready billing that still exists because
11 some CRES providers only have the ability to do
12 rate ready billing.
13 But to the extent does bill ready billing
14 alleviate some of those product structure
15 issues, yes, some of them. I can't speak --
16 actually I cannot speak with certainty that it
17 alleviates all product structure and innovation
18 constraints.
19 Q. So you're suggesting or you're taking the
20 position that it should be up to the utility to
21 eliminate the product or feature constraints
22 that the CRES providers have, is that your
23 testimony?
24 MR. PETRICOFF: Could I have the question
25 reread, please?

1 (The Court Reporter read back the following
2 question: So you're suggesting or you're taking
3 the position that it should be up to the utility
4 to eliminate the product or feature constraints
5 that the CRES providers have, is that your
6 testimony?)
7 A. No, actually, because rate ready billing is a
8 viable allowable billing mechanism to use in
9 Ohio and in DP&L. And some of those billing
10 constraints actually come from the rate ready
11 system that DP&L has.
12 So I'm not saying that it's DP&L's
13 responsibility to alleviate the CRES providers'
14 constraints. I'm saying they need to alleviate
15 constraints that they have, and I'm also saying
16 that supplier consolidated billing is just one
17 other tool to do that and to improve the
18 marketplace for customers.
19 BY MR. FARUKI:
20 Q. So your suggestion about supplier consolidated
21 billing here on Page 9 is that there be a
22 stakeholder process or collaborative group of
23 some sort to discuss it?
24 A. Correct.
25 MR. FARUKI: Off the record.

1 (Recess taken from 2:54 p.m. until 3:01
2 p.m.)
3 BY MR. FARUKI:
4 Q. Mr. Bennett, let me ask you about purchase of
5 receivables, which is your third issue starting
6 on Page 10.
7 A. Okay.
8 Q. You are recommending adoption of a purchase of
9 receivables program; right?
10 A. I am.
11 Q. You agree with me that bad debt is a cost of
12 business in a competitive economy?
13 A. Well, I would agree with you that bad debt
14 exists. I would say that a lot of utilities I
15 know get guaranteed cost recovery for bad debt,
16 so to them it's not really a risk.
17 Q. Well, that's not quite my question. In a
18 competitive economy, is bad debt a cost of doing
19 business?
20 A. I would say utilities operate in a competitive
21 economy, and it's not a cost of doing business
22 because they get guaranteed cost recovery. Does
23 bad debt exist in the supply of electricity?
24 Yes.
25 Q. And you are suggesting that we take costs from

1 competitive CRES providers and put them onto
2 paying customers across Ohio, is that right?
3 A. I don't know that that's necessarily what I'm
4 saying, although that would probably mirror the
5 utility cost recovery of bad debt, yeah.
6 Q. Well, is what you want or recommend for Ohio
7 customers to pay the bad debt of the CRES
8 providers' customers?
9 A. Purchase of receivables can be structured in
10 several different ways, and one way that we've
11 seen in several jurisdictions is where a
12 discount rate is used so that the utility
13 actually purchases the receivables of the CRES
14 provider at a discount that's meant to
15 compensate the utility for that risk transfer.
16 So in that case the cost of the bad debt for the
17 CRES providers is still borne by the CRES
18 providers.
19 Q. Is that what you're proposing here?
20 A. We're proposing a purchase of receivables
21 program. We don't actually go into the details
22 of that. I can tell you that RESA has
23 consistently advocated that as long as the
24 utility is not double collecting bad debt.
25 And what I mean by that is as long as the

1 utility doesn't get automatic rate recovery or
2 some other rate recovery of all bad debt for all
3 customers and also gets a discount rate, and we
4 would consider that double collecting, as long
5 as that's not the case, that RESA has been an
6 advocate for reasonable discount rate based POR.
7 Now, it's a case by case basis, and I can
8 say for certainty that that's what we would
9 advocate in DP&L, but generally RESA has been
10 consistent in saying that a discount rate can be
11 used, one, to help pay for the implementation of
12 the program, the capital costs, and, two, and
13 most often a discount rate that tracks the
14 historical bad debt experience of the utility.
15 So if that were the program that DP&L would
16 accept and propose, as long as that discount
17 rate was based on a transparent and reasonable
18 formula or index or something that made sense, I
19 think RESA could support something like that
20 pending the full details of the program.
21 Q. It sounds to me as if you are formulating this
22 on the fly. Is that correct?
23 A. No, that's not correct. This is a consistent
24 RESA position. It's a position that RESA has
25 taken in multiple jurisdictions. It is a case

1 by case situation. Again, it depends on
2 specific -- the specific case of the utility,
3 the utility structure, the proposal for the
4 discount rate.
5 So, again, the details here matter, but
6 RESA has consistently supported POR programs
7 that include discount rates that, again, include
8 not only the cost recovery for the program
9 itself and a discount that's based on some
10 transparent and reasonable index of bad debt
11 history of the utility or some proxy or some
12 approximation of the bad debt experience of the
13 utility. This is not off the fly.
14 Q. Sorry. Go ahead.
15 A. I'm sorry. This is not off the fly.
16 Q. The effect of a purchase of receivables program
17 such as you're suggesting is that the CRES
18 provider would not have to take into
19 consideration a customer's credit before
20 providing them with service, is that right?
21 A. That's correct. Well -- let's see. Let me put
22 it this way, in some jurisdictions where POR
23 program exists, the CRES providers are actually
24 not allowed to assess a customer's bad debt or
25 risk or credit history.

1 In those jurisdictions that still allow a
2 CRES provider to do an assessment of debt risk
3 or credit history, I can't say for certain that
4 every CRES provider completely disregards it,
5 but it certainly provides the opportunity to
6 either de-emphasize and remove the credit risk
7 of a particular customer.
8 Q. So it takes away the incentive from the CRES
9 providers to choose dependable customers by
10 examining credit; right?
11 A. I think -- you know, I think I would really
12 characterize it as it actually opens up -- it
13 opens customer choice up to a broader range of
14 customers. I mean these customers -- these are
15 customers that are either going to be served by
16 the utility or by a CRES provider.
17 Those are their only two choices, and
18 really a POR program just means that more
19 customers have the ability to get maybe a better
20 rate or value added services or some other
21 individualized value based product from a CRES
22 provider.
23 Q. Let me go to my question, however, which is
24 doesn't the program have the effect of lessening
25 incentive for CRES providers to choose

1 dependable customers by looking at their credit?
2 A. Not in all cases. I mean, again, if a CRES
3 provider is still allowed by statute and
4 regulatory provision to assess the credit risk
5 or bad debt risk of a customer, they may still,
6 and they may still choose to not serve those
7 customers if they're allowed to make that
8 choice.
9 Q. Is that what you're proposing here?
10 A. What?
11 Q. Which form of this program are you proposing
12 here? Is it that the CRES provider be allowed
13 to assess credit or that the CRES provider is
14 not allowed to do so?
15 A. That's not something that the RESA members
16 discussed in detail when coming up with this
17 testimony.
18 Q. So there's not a recommendation on that point?
19 A. Not on that specific point, no.
20 Q. Okay. I'm going to give you a statement, and
21 you tell me whether you agree or disagree with
22 it. The statement is that on the one hand CRES
23 providers want a competitive market, but on the
24 other hand they want the regulated utility to
25 implement a system in which the regulated

1 utility charges all ratepayers a CRES provider
2 cost.
3 A. Before I say I agree or disagree, can you please
4 tell me what that cost would be?
5 Q. The bad debt cost.
6 A. No, I disagree. Again, we're not saying
7 specifically that the utility or the utility
8 customers or all customers should pay the CRES
9 bad debt cost because, again, POR programs can
10 be structured -- viable POR programs can be
11 structured with a discount rate where the actual
12 bad debt risk is paid for by the CRES provider
13 through the discount rate.
14 The other thing I would point out is bad
15 debt that's incurred by DP&L SSO customers is
16 recovered from all customers. So really if you
17 have a POR with a discount rate, you could say
18 that that's actually less of a socialized debt
19 recovery mechanism.
20 Q. Are you proposing here a discount rate system to
21 cover bad debt risk or is that not a
22 recommendation you're making?
23 A. So, again, the details are important, and so I'm
24 saying that RESA could support a discount rate
25 based POR as long as there's no double

1 collection of bad debt by the utility and as
2 long as that discount rate is reasonable and
3 based on a transparent reasonable approximation
4 which very often again is the historical bad
5 debt experience of the utility for that specific
6 rate class.
7 So let me be clear on that, as well. POR
8 can be applied to rate classes specifically. So
9 if the discount rate that is charged by DP&L is
10 specific to a transparent bad debt experience
11 that DP&L has seen with residential customers,
12 so if the discount rate is based on a rate
13 specific historical experience with bad debt,
14 then, yes, RESA can support that.
15 So if it's residential and it's residential
16 historical bad debt, if it's small commercial
17 and it's that specific customer class and their
18 historical bad debt experience and that forms
19 the basis of the discount rate, then, yes, RESA
20 could support that and would support that if
21 it's a viable non-recourse POR program that
22 utilizes that discount rate.
23 Q. Well, you keep telling me that RESA could
24 support something if certain circumstances
25 exist. I think the point I'm trying to get to

is with regard to your third issue, you don't have a recommendation on this point right now, is that accurate, because I don't see it in your testimony.

A. We do not make a specific recommendation in the testimony.

Q. Okay. Do you agree with me that in any truly competitive market a company has to take into consideration a customer's credit before providing goods or services?

A. I'm sorry. Could you reread the question, please?

(The Court Reporter read back the following question: Do you agree with me that in any truly competitive market a company has to take into consideration a customer's credit before providing goods or services?)

A. Well, the example that springs to mind is a grocery store where I pay cash. So I can go to a grocery store, which is a competitive market, and I can buy as much food as I want and provide them cash. So are they taking into account my credit or my bad debt risk? No. I can use a credit card. Is the grocery store taking into account whether or not I'm going to pay that

1 credit card or not? No.
2 What I will say is that in situations in
3 the competitive market where a business or a
4 service does need to take into account the bad
5 debt risk or exposure to its customer base, they
6 usually have a full complement of collection and
7 leverage and incentives for that customer to pay
8 them.
9 And the difference in the CRES market is
10 that unlike utilities who have the ability to
11 disconnect, so they have the ultimate ability to
12 incentivize a customer to pay because if that
13 customer does not pay, they will have their
14 service shut off.
15 A CRES does not have that ability in Ohio.
16 So a CRES provider is put at a disadvantage and
17 doesn't have a full complement of incentives to
18 utilize to incentivize that customer to pay
19 their bad debt.
20 So what I will say is that in all cases in
21 every competitive marketplace to provide goods
22 and services, do you have to take somebody's bad
23 debt risk into account? No. The grocery store
24 example is one. But in this case where you do
25 have to take -- there is the potential that an

1 electric service customer won't pay their entire
2 bill, then, again, the CRES provider does not
3 have all of the tools afforded to it that a
4 usual competitive market would afford to
5 somebody that does have to take bad debt into
6 consideration.
7 BY MR. FARUKI:
8 Q. I'm looking at your testimony on Page 10,
9 Question 23, let me ask you this, do you know or
10 do you recall that in the AEP case a purchase of
11 receivables program was pursued and the
12 Commission declined to order one?
13 A. I'm familiar with that.
14 Q. Were you in that case?
15 A. Was I in that case? I participated in that case
16 as an employee of Exelon and as a RESA member
17 who were both parties to that case.
18 Q. You were not, however, a witness, I take it?
19 A. That's correct.
20 Q. Is essentially the same purchase of receivables
21 recommendation being made here as in that case?
22 A. I can't say that for certainty. Again, not
23 being a witness in that case, I don't recall
24 exactly the program that was proposed in AEP.
25 Q. Well, do you know of any differences?

1 A. Again, I don't know the details, so I couldn't
2 tell you whether it's the same or different.
3 Q. You say on Page 11 that Duke has a purchase of
4 receivables plan that's modeled on its gas
5 program, is that right?
6 A. That's correct.
7 Q. And do any other Ohio electric utilities have a
8 purchase of receivables plan?
9 A. No.
10 Q. In Question 25 -- I'm sorry. Go over to Page
11 12, please.
12 A. Okay.
13 Q. Starting at Line 6 you were talking about
14 payment posting priorities, is that right?
15 A. Correct.
16 Q. You do realize that DP&L follows the PUCO rules
17 with regard to payment posting priorities?
18 A. Yeah. My understanding is the tariff follows
19 the PUCO rules, yes.
20 Q. Your discussion in this testimony about how
21 payments from a consolidated bill are allocated
22 between the utility and the CRES provider is
23 really better addressed through a PUCO
24 rulemaking proceeding as opposed to an
25 individual ESP case, isn't that correct?

1 A. No. I don't think that's accurate.
2 Q. You're aware that there's a PUCO rulemaking
3 that's currently underway?
4 A. I guess I'm not familiar with the details.
5 Q. Of that proceeding?
6 A. Of that proceeding. My recollection is that it
7 was ordered from one of the other ESPs for a
8 separate -- no. I'm not aware of the details at
9 this time.
10 Q. You're aware though that there is a PUCO
11 proceeding that was begun to consider this
12 issue?
13 A. I'm aware that one was begun.
14 Q. If you go down a few lines to Line 9 you are
15 talking about a scenario wherein a customer
16 makes a particular agreement to pay with DP&L,
17 and the CRES provider is not made aware of such
18 arrangements, is that right?
19 A. Correct.
20 Q. Okay. You know, however, that DP&L sends to
21 each CRES provider an update on a weekly basis
22 showing the customer account information,
23 payment agreement plan, date of the agreement,
24 CRES current balance, and CRES arrears?
25 A. I was not aware of that. That's not the way the

1 tariff describes that.
2 Q. So you've not made inquiries of any RESA member
3 that's operating in Ohio to find out what it is
4 they obtain from DP&L?
5 A. No. In the collaborative effort to create this
6 testimony, the details of what DP&L currently
7 provides was not discussed.
8 Q. So this scenario that starts on Line 9 on Page
9 12 is one that was being used as an example
10 without regard to the fact that it doesn't apply
11 in DP&L's case?
12 A. Well, I guess without -- well, because what you
13 have described as the process does not actually
14 match what the AGS supplier coordination tariff
15 says, I'd have to see what the actual process is
16 in DP&L and then do an assessment between the
17 scenario that we've proposed in the testimony
18 and what you've just described as the apparent
19 process in DP&L.
20 Q. Okay. Let me ask a different question then.
21 The scenario that is described or hypothesized
22 in this Question 26 answer is one that was not
23 derived from something that supposedly happened
24 with DP&L, is that right?
25 A. It's a hypothetical scenario based on the

1 structure -- it's a hypothetical scenario, and
2 the hypothetical scenario was based on what we
3 understood the process to be from the supplier
4 coordination tariff.
5 Q. Okay. Take a look at Page 13.
6 A. Yes.
7 Q. You are talking there about an alternative if a
8 POR program is not required by the Commission;
9 right?
10 A. That's correct.
11 Q. And your answer to Number 28 contains a
12 statement that on Line 15 that the Commission
13 should offer relief to the CRES providers on the
14 issues you're describing here?
15 A. That's what Line 15 says, yep.
16 Q. And if the Commission did so, that would be a
17 benefit to the CRES providers?
18 A. I would say that improvements to the deferred
19 payment debt collection process would be a
20 benefit to CRES providers and customers.
21 Q. On Line 19 the end of the line starts a sentence
22 that says in addition to the existing EDI
23 transaction that shows the customer payment
24 attributable to CRES charges, the new EDI
25 transaction must include a field that shows both

1 the total customer invoice total including DP&L
2 charges and the total amount of the customer
3 payment applied to that invoice total. Have I
4 read that correctly?
5 A. Yes.
6 Q. Is it accurate that there is no -- currently
7 there is no EDI transaction in Ohio to manage
8 that situation?
9 A. That's my understanding, yes.
10 Q. Do you agree with me that customer information
11 should be protected unless it is released or
12 release is approved by the customer?
13 A. I would say that customer information should be
14 protected to the extent that law and regulatory
15 code indicates it should be, yes.
16 Q. Well, that almost answered my question. I think
17 you agree that the customers' information is
18 propriety to the customer and the CRES provider
19 not ought to have it unless it's released to
20 them or given by the customer with the
21 customer's consent?
22 A. I think there's laws and rules in Ohio that
23 govern the data that can and can't be shared
24 with CRES providers from the utility, and I
25 think that those laws and rules should be

1 followed explicitly.
2 Q. Do you agree with me that the customers' data is
3 propriety to the customer and ought not to be
4 released without the consent of the customer?
5 That's my question.
6 A. To the extent that the law or the rule indicates
7 that, yes. I mean to the extent that the law
8 and the rule in Ohio dictates the customer
9 protections specific to the protection of
10 customer data, yes, those rules and laws should
11 be followed explicitly.
12 Q. Do you oppose those rules and laws?
13 A. No, absolutely not.
14 Q. You don't advocate for a different system of
15 treatment of customer information then?
16 A. I think that probably -- that's probably a step
17 too far. I think what I said was I think that
18 the current rules and laws in place should be
19 followed explicitly in all cases.
20 I haven't done an assessment of those rules
21 to know if they are fully comprehensive and
22 cover every aspect of customer protection and
23 customer data protection, but I do think that
24 whatever law is currently in place must be
25 followed by every CRES provider and every

1 utility in all situations.
2 Q. It's fine to adhere to the law. We can all
3 agree on that. What I'm trying to get at is
4 whether you are advocating a position that you
5 should have access to customer information
6 without the authority or consent of the
7 customer?
8 A. I'm not sure how else to state it. The CRES
9 provider should not have access to any customer
10 data that is protected by rule or law without
11 authorization from the customer. I mean there
12 are rules and laws in Ohio that dictate what
13 data can and cannot be shared with or without
14 customer authorization, and all data that's
15 protected by those rules and laws and requires
16 authorization to be shared with the CRES
17 provider should not be shared without that
18 authorization.
19 Q. Are you taking a position that those rules or
20 laws should be changed to allow the CRES
21 provider to have access to customer data without
22 the prior consent of the customer?
23 A. Can you read that back to me?
24 (The Court Reporter read back the following
25 question: Are you taking a position that those

1 rules or laws should be changed to allow the
2 CRES provider to have access to customer data
3 without the prior consent of the customer?)
4 A. No.
5 BY MR. FARUKI:
6 Q. On Page 14 starting, I think, at Line 10 you
7 start your fourth issue, and let me ask you some
8 questions about that. This is the consolidated
9 bill charge of 20 cents per bill. Do you know
10 how much revenue that charge produces?
11 A. No.
12 Q. You say that no other Ohio EDU has a
13 consolidated billing charge, that's Lines 12 and
14 13; right?
15 A. Correct.
16 Q. That statement is not true because Duke Energy
17 Ohio charges per consolidated bill; right?
18 A. That wasn't my understanding. But if you're
19 saying that's true, then it's possible that I'm
20 incorrect.
21 Q. In the cases of commercial, industrial, and
22 other public authority customers, their charge
23 is higher than that of DP&L, do you know that?
24 A. I don't know that.
25 Q. Have you reviewed the other Ohio utility

1 tariffs, by other I mean other than DP&L, of
2 course, to see if they have charges for
3 consolidated billing?
4 A. No.
5 Q. Should the company bear -- the utility company
6 bear the cost of printing, mailing, and
7 collecting charges on behalf of a CRES provider
8 for no charge to the CRES provider?
9 A. The utility back office systems that are used to
10 generate, print, and mail bills were paid for by
11 customers, and those systems are going to
12 generate a bill for a customer whether they are
13 an SSO DP&L customer or whether or not they are
14 a consolidated bill customer of a CRES provider.
15 To the extent that there is a real and
16 transparent incremental charge to print that
17 bill that would not exist for an SSO customer,
18 perhaps that would be a reasonable charge for a
19 retail supplier to remit to the utility.
20 Q. Well, wouldn't you agree with me that billing a
21 customer is a cost of doing business; right?
22 A. I do.
23 Q. I mean even the Vorys firm sends bills and has a
24 cost in preparing them; right? I'll withdraw
25 that. Is it your position that a competitor

1 ought to be able to piggyback off of the
2 utility's billing system at no cost to that
3 competitor?
4 A. In that question are you characterizing the CRES
5 provider as a competitor to the utility?
6 Q. Yes, sir.
7 A. So you're saying that the CRES provider is in
8 direct competition with the utility to serve
9 customers?
10 Q. I'm going to have the Court Reporter read my
11 question back. I will restate the question. Is
12 it your position that the CRES provider ought to
13 be able to piggyback off of the utility's
14 billing systems at no cost?
15 A. Okay. Honestly, I guess I never really thought
16 of the utility and the CRES provider being
17 competitors. But assuming for sake of the
18 question that we'll characterize it that way, I
19 think maybe had the utility built or purchased
20 or invested in that billing system with their
21 own shareholder money, then maybe I could see
22 the point of that question.
23 The reality is is that it's really the
24 ratepayer money that has funded anything that
25 has to do with that billing system, and so those

1 ratepayers, the ones right now that are being
2 served by CRES providers really likely probably
3 paid for the system that generates those bills
4 when they were with the utility, and the utility
5 customers now are the CRES provider customers of
6 tomorrow and vice versa. So you have customers
7 that go back and forth.
8 To piggyback off of it, I don't really see
9 it as a piggyback. One, I don't really see it
10 as a competitive relationship. Two, I don't see
11 it as piggybacking because it's not as if a CRES
12 provider principals or shareholders are somehow
13 benefitting illicitly from the utility
14 shareholder investment in the system.
15 This is a customer funded system from the
16 get-go. So it's hard for me to see it as
17 piggybacking. Really it seems to me like
18 billing is a function of electricity service,
19 and there is a billing system in place that's
20 been paid for by the customers of DP&L. And so
21 I just don't see it as piggybacking.
22 Q. If DP&L does not charge CRES providers for at
23 least a portion of the cost to send out the
24 bill, aren't CRES providers being subsidized by
25 customers?

1 A. I don't know. That seems to be a bit of a
2 stretch. Bills are going to be -- bills are
3 going to be generated for every customer on the
4 DP&L system. Some of those customers are SSO
5 customers. Some of those customers are CRES
6 provider customers.
7 If every single customer in DP&L's
8 territory was an SSO customer, they'd all be
9 paying for those bills to be generated and sent
10 out. What's happened is some of them have
11 selected a CRES provider because it works better
12 for them. Again, there's an existing billing
13 system that's been paid for as a regulatory
14 asset from the customer base.
15 If there's truly an incremental -- if
16 there's truly a difference in cost between
17 generating a CRES provider customer bill and an
18 SSO customer bill, then maybe that is the area
19 where it makes sense for the CRES providers to
20 remit additional payment or incremental payment.
21 But if the cost to send out the bill is the
22 same or there's no incremental cost between a
23 CRES provider and an SSO bill, it's hard for me
24 to say that a regulatory asset that generates
25 those bills somehow is subsidizing CRES

1 providers when the customers are going to get a
2 bill one way or the other and those customers
3 probably have paid for that system.
4 Q. Are you familiar with the free rider concept in
5 economics?
6 A. Yes, generally.
7 Q. And why is it that you think that a CRES
8 provider should be able to avoid a pretty
9 standard cost of doing business which is the
10 cost of sending out bills?
11 A. Probably because there's an existing -- not
12 probably, I take that back. Because there is an
13 existing billing system that has been paid for
14 as a regulatory asset by the same customers that
15 receive those bills.
16 Q. You can't know that it's the same customers, can
17 you? The composition of the customers change
18 over time. Some move in. Some move out. Some
19 die. Some establish different businesses or
20 households. The premise of your statement isn't
21 accurate, is it?
22 A. Well, I can't say that on a one for one basis
23 that every CRES provider customer was at one
24 point a customer of DP&L as an SSO that paid for
25 that, but, generally speaking, the customer base

1 of DP&L, which at one point none of which was
2 shopping and none of which were served by a CRES
3 provider, was charged for the development of the
4 billing system that's currently in place.
5 So some percentage, very likely a high one,
6 but some percentage, which to your question I
7 cannot pinpoint with accuracy, has already
8 contributed to the development of that billing
9 system.
10 Q. That's always true when a new competitor comes
11 into the market and an existing competitor has
12 bought equipment and software and so on with
13 revenues from its sales, but in a competitive
14 market that does not give the new competitor a
15 right to say, well, he's already got a billing
16 system, I'll just use that; right?
17 A. Yeah, but we're not talking about a purely
18 competitive marketplace or system here. We're
19 talking about a situation where there was a
20 utility that acted in the role of a monopoly
21 that have given a regulated guaranteed cost
22 recovery and rate of return on its assets.
23 So it wasn't a shareholder investment. It
24 wasn't -- there was nowhere where DP&L
25 shareholders received a reduced profit because

they invested in a billing system or infrastructure. It was a situation where the customers paid explicitly for that asset, and in addition DP&L received a rate of return on that asset.

So it's a completely different situation than you're talking about where you have two pure competitors that have no regulated guaranteed cost recovery, have no regulated guaranteed return on investment or return on equity of that asset.

It's not a situation where the original entity that you described or in your example the original entity that you described would have received reduced profits because of the investment they made into the billing system. It's completely a different situation.

Q. Who owns the billing system?

A. Who owns it? It's a DP&L billing system paid for by its customers.

Q. My question is who owns it? Are you saying the customers own it?

A. I'm saying the customers paid for it, and DP&L owns it.

Q. Now, once again, it seems to me as if on the one

1 hand you're arguing for a competitive market for
2 CRES providers, but then seeking relief from
3 some aspect of the cost of doing business for
4 the CRES providers. Do you understand that
5 argument?
6 A. I understand it. I don't necessarily agree with
7 it. Again, we're talking about -- we're not
8 talking about a fully competitive market. You
9 can even go to the fact that the utility hasn't
10 fully unbundled all of its cost. So even if you
11 look at the costs that DP&L charges its SSO
12 customers versus the costs that it does charge
13 to CRES provider customers, there's been no PUCO
14 proceeding where DP&L was asked to fully and
15 completely and comprehensively unbundle all of
16 its cost to be sure that the only costs being
17 charged to SSO customers, and the only costs
18 being charged to distribution customers were
19 exactly and precisely just the costs associated
20 with providing those customers services.
21 In reality in this situation, while we are
22 looking for the best structured, most efficient
23 competitive market that we can have when there's
24 an existence of a monopoly, one that used to
25 have a monopoly over all service, and one now

that has a monopoly over some parts of the service that have not been asked to unbundle its cost fully, again, it's an apples and oranges comparison.

So there's not really a free ridership issue here. There's not really a competition issue here. There's a situation where a monopoly entity is over time transitioning to a competitive market. We're looking at a system that, once again, was cost recovery through monopoly guaranteed rates. It's a different situation.

Q. On Page 14, it would be the long answer in Answer 29. Let me just see if I can cover all of these dollar points with one question. You talk about a 20 cents per bill charge in Line 11, and a 12 cents per bill charge in Line 17, and a thousand dollar charge in Line 20, and then in Line 23 another fee.

My question is do you know, either individually or in total, what the revenues are that are produced by those fees?

A. No.

Q. I'm sorry?

A. No.

1 Q. Do you know the costs that they cover?
2 A. No.
3 Q. Turn to Page 15. In answer to Question 30 when
4 you say permit a reasonable number of rate codes
5 without additional charge, can you be any more
6 explicit or is that something that there's not
7 detail on?
8 A. I'm sorry. I don't have detail on that.
9 Q. And then you go on to say DP&L should provide an
10 authorized CRES provider with customer interval
11 data at no cost. Do you know if there is a cost
12 of dealing with that data?
13 A. There can be. There can be a cost of -- depends
14 on the type of data that you get and the length
15 of time that you get, and there are costs
16 associated with CRES providers getting that
17 data.
18 Q. And do you know whether DP&L has a cost of
19 providing -- either managing or providing the
20 customer interval data?
21 A. I don't know.
22 Q. If it does, you would support cost recovery for
23 that, is that right?
24 A. RESA understands that the utility model is one
25 that's based on cost recovery, so we're not

1 advocating that DP&L not recover its cost. It's
2 just hard to reconcile the fact that ostensibly
3 an SSO customer that asks for that data doesn't
4 explicitly pay for that data.
5 So, again, it seems like you're in a
6 situation where a customer has selected -- per
7 its statutory ability, has selected a CRES
8 provider, and now suddenly they incur costs that
9 they wouldn't have otherwise incurred had they
10 stayed on SSO supply, when, again, they own the
11 data, and in the case that it's an interval
12 meter, they paid for the meter and the telemetry
13 itself.
14 So I guess if there's some -- again, if
15 there's some incremental cost that
16 differentiates provision of data to a CRES
17 customer that the utility would not otherwise
18 incur if it was providing the same data to a
19 non-CRES customer, then perhaps that's something
20 that if it was transparent and well-understood,
21 that could be something that would be
22 appropriate for the CRES provider to pay.
23 But to the extent that the data provision
24 is the same whether the customer is CRES or
25 non-CRES -- we're not advocating that there's no

1 cost recovery. I don't know that it should be
2 explicitly the cost of the CRES provider to get
3 that data.
4 Q. So if I understand, you're saying you're not
5 advocating that there should be no cost
6 recovery, and beyond that you don't have a
7 position to advocate or a recommendation to
8 make, I should say, in this case?
9 A. Correct.
10 Q. Okay. Before we get to your fifth issue, I
11 should have asked you earlier, did you have
12 changes to your testimony that you wanted to
13 provide?
14 A. Yes.
15 Q. I meant to ask that earlier. Can you direct me
16 to where those would be?
17 A. Yes.
18 MR. PETRICOFF: We won't claim a waiver.
19 MR. FARUKI: I appreciate that, Howard.
20 A. The first one would be on Page 7.
21 BY MR. FARUKI:
22 Q. Yes.
23 A. Lines 21 through 23 would be deleted. So that
24 is 5-G.
25 Q. All right.

1 A. Is that clear?
2 Q. Yes, sir.
3 A. Then on Page 16, Line 19, the phrase a $13
4 increase would be stricken, and in its place
5 would be a $7 increase exclusive of TCRR-N
6 costs.
7 Q. Okay. I'm writing. Did you say inclusive or
8 exclusive?
9 A. Exclusive, would not include.
10 Q. Of TCRR-N costs?
11 A. Correct, dash N as in Nancy.
12 Q. So as corrected, the line would read -- Line 10
13 would read experience a $7 increase exclusive of
14 TCRR-N costs in their bill versus a customer on
15 standard service who will?
16 A. Correct.
17 Q. Okay. Thank you. Was there a third correction?
18 A. No. That's it. No more corrections.
19 Q. Okay. Thanks. Let's go to your fifth issue
20 then, if we could. Are you familiar with the
21 Duke rider SCR?
22 A. I'm familiar that it exists, and I participated
23 in that case as a non-witness, but I don't
24 remember the details of it.
25 Q. Maybe this will refresh your memory, do you

1 recall that the Duke rider SCR becomes
2 non-bypassable when the balance of the SCR
3 account becomes equal to or greater than 10
4 percent of the company's total SSO revenues for
5 the most recent 12 months under specified
6 riders?
7 A. Again, it's been a while since I participated in
8 that case, so I have a vague recollection of
9 that. I'm willing to take your assertion as
10 accurate.
11 Q. Thank you. Are you aware of the FirstEnergy
12 rider GCR?
13 A. Again, familiar with it in that I participated
14 in that case as an employee, but not as a
15 witness. I'm sorry. I did participate as a
16 witness in that case, but not on that issue.
17 Q. Do you recall that FirstEnergy's rider GCR
18 becomes non-bypassable when the GCR balance is
19 equal to or greater than 5 percent?
20 A. Again, I don't recollect the details of that,
21 but I'm willing to take your assertion as
22 accurate.
23 Q. You do know that these other two Ohio utilities,
24 Duke and FE, do have the cost of auction being
25 paid by SSO customers and others?

1 A. Again, I don't recall that specifically.
2 Q. On Page 15, Line 11, you were talking about -- I
3 think what you're saying here is that DP&L's
4 AER-N is improper because it blurs the line
5 between generation and renewables, is that
6 right?
7 A. I think -- actually what I think I'm saying is
8 that we have an additional concern that if the
9 AER is non-bypassable, it could result in double
10 charging to CRES customers because CRES
11 providers have an RPS, a renewable portfolio,
12 standard or RPS obligation. That's one of our
13 concerns, but I think we're also saying that in
14 general we have a concern with the construction
15 of the reconciliation rider.
16 Q. So you're not claiming or objecting to would be
17 an easier way to say it. You're not objecting
18 to the AER-N as blurring the line between
19 generation and renewables, is that right?
20 A. The AER-N? I don't recall that being
21 specifically one of our concerns, no.
22 Q. Okay. Are you familiar with the section of the
23 ESP law in Ohio allowing for non-bypassable
24 recovery of generation over the life of the
25 asset?

1 A. Not in detail, no.
2 Q. Do you know if you've ever read that statute?
3 A. No, I have not.
4 Q. If you would turn to Page 16. With regard to
5 the change you just made, let me make sure I
6 understand this. You are aware that TCRR-N
7 costs are part of the customer bill now, is that
8 right?
9 A. No. I guess I wasn't aware of that.
10 Q. Maybe I can shorten this up a little bit.
11 Would you agree that DP&L charging a TCRR-N
12 should not increase a shopping customers'
13 bill, but instead would shift that charge from
14 the CRES provider to the DP&L portion of the
15 bill?
16 A. Yes, I agree with that statement.
17 Q. Okay. Go down to Question 32.
18 A. Okay.
19 Q. Did you examine what the Commission did and what
20 it found in DP&L's long-term forecast report
21 case?
22 A. I did not.
23 Q. Where it found there was a need for the
24 renewable generation facility?
25 A. I did not.

1 Q. Are you aware that at the time that finding of
2 need was made there were insufficient solar
3 RECs, renewable energy credits, in the market at
4 that time?
5 A. I was not explicitly aware of that, no.
6 Q. You would agree with me that once a facility is
7 bound to be needed and is built, then it cannot
8 become unbuilt, is that right?
9 A. Yeah, I agree you can't unbuild a facility.
10 Q. Would you take a look at the next page.
11 A. Are we saying 17?
12 MR. PETRICOFF: 17?
13 BY MR. FARUKI:
14 Q. Yes, sir, 17. With regard to the switching
15 tracker, can you tell me how you understand that
16 tracker would work?
17 A. So my understanding is that DP&L would keep an
18 account of the difference between the amounts
19 collected from SSO customers and the amount paid
20 to CBT -- winning bidders from the CBT, from the
21 competitive bid -- P, sorry -- CBP, competitive
22 bid plan, the wholesale auction.
23 So it would track that discrepancy over
24 time, and then those costs would be socialized
25 amongst all customers based on whether or not

1 switching numbers were increased beyond the
2 current switching percentage which, I believe,
3 was 62 percent.
4 Q. Okay.
5 A. I mean that's my basic understanding of how that
6 works.
7 Q. You understand the rationale for the proposal?
8 A. Do I understand the rationale of the proposal?
9 I suppose that -- well, no. I would be
10 guessing.
11 Q. Okay. I'm not going to ask you to guess. At
12 Line 8 -- starting on Line 8, sir, you say that
13 RESA is not in a position to indicate to the
14 Commission the amount of transition assistance
15 DP&L should receive. Do you see that statement?
16 A. Yes.
17 Q. Is that a reference to the SSR, the service
18 stability rider?
19 A. That's correct.
20 Q. And so the position that or the posture that
21 RESA is taking here is to take no position on
22 that, is that correct?
23 A. On the actual amount?
24 Q. Yes, sir.
25 A. Yeah. RESA does not take a position on the

actual amount of transition assistance or the actual amount of the SSR itself.

Q. Okay. That was my next question. As I understand your testimony, RESA is not objecting to the fact of an SSR, but is simply not taking a position on the points you just mentioned?

A. I'm sorry. Can you reread the question?

(The Court Reporter read back the following question: As I understand your testimony, RESA is not objecting to the fact of an SSR, but is simply not taking a position on the points you just mentioned?)

A. Yeah. Let me answer it this way, RESA is not disputing the fact of the SSR, and RESA is not taking a position on the amount of the SSR.

BY MR. FARUKI:

Q. Okay. Thank you. I neglected or haven't gotten yet to Exhibit 2 to your deposition which were the sheets that your counsel forwarded today. Do you have Exhibit 2 handy to you?

A. I do.

Q. Earlier I forget if we were on or off the record, but we numbered these so that Page No. 1 is revised DP&L customer. Page 2, revised CRES customer. Page 3, original DP&L customer. And

1 Page 4, original CRES customer. That's how you
2 have your exhibit; right?
3 A. That's correct.
4 Q. Can you walk me through this and make sure that
5 my little brain understands it?
6 A. Yes. So if you look at Page 1, the idea here
7 was to take -- to take a residential customer
8 that has a flat or unshaped, but basically a
9 consistent 750 kilowatt hour usage and calculate
10 the total bill that includes the distribution,
11 transmission, and generation charges based on
12 the existing tariff and the existing tariff
13 rates, and that same bill under the tariff rates
14 proposed in the application.
15 The one difference is, however, that while
16 the rates in the -- so the rates in the portion
17 that calculates the application or the bill
18 under the auspices of the current application,
19 the fuel and the RPM, were updated by the
20 company after the revised ESP was submitted so
21 that the most recent fuel and capacity values
22 were used. So that's Page 1.
23 So Page 1 is a current bill for 750
24 kilowatt hour residential customer and a
25 proposed bill under the auspices of the

application for that same customer.

Q. All right.

A. And this is the revised version so this was the version -- this is a version that was revised after the testimony was submitted.

Q. That was what I was going to ask. Revised means revised how?

A. So the work -- the original work papers, so Page 3 and 4 of Exhibit 2 --

Q. Right.

A. -- were created at my direction prior to the submission of the testimony on March 11, and those were the work papers used to derive the $13 value included in the original testimony.

Upon further review of those work papers, an error was found, and so the error is corrected in the revised version, which is Page 1 and 2 of Exhibit 2, but the error was found after the testimony was submitted.

Q. Oh, I see. Okay. And what was the error on 3 and 4?

A. So the error was on Page 4, and it was -- I'm sorry. Wait. Let me make sure.

Q. Take your time.

A. Yes, sorry. The error is on Page 4, and it is

1 the rate for the SSR in the proposed tariff
2 total bill residential flat 750 kwh section.
3 Q. Yeah, the lower box, so to speak?
4 A. Correct, the lower block. And all the way to
5 the right the SSR value is .012439307, and that
6 is an incorrect rate.
7 Q. Okay. Was that the only error?
8 A. That's the only error, correct.
9 Q. Okay. So once that was corrected as shown on
10 Pages 1 and 2, then how were these pages used in
11 the testimony?
12 A. Well, Pages 1 and 2 were the basis for the
13 change made on -- for the change in testimony
14 made on Page 16, Line 10.
15 Q. Thank you. Just a few more questions, I think.
16 Do you need a break before we finish?
17 A. No. Thank you.
18 Q. Okay. With regard to the various
19 recommendations that RESA is making here, is it
20 accurate that you have not tried to calculate
21 the costs of making any of these changes?
22 A. That's correct.
23 Q. Is it accurate you have not done a cost benefit
24 analysis, therefore, on these changes?
25 A. Also correct.

1 Q. Is it accurate, generally speaking, that RESA
2 supports cost recovery of identifiable costs
3 resulting from making these changes?
4 A. I don't think I can say yes to that question the
5 way it's phrased.
6 Q. Why is that?
7 A. It's a little vague. I think the answer -- I
8 think the question that you're asking is a bit
9 more nuanced.
10 Q. Well, maybe it would be easier if I asked you to
11 tell me RESA's position on cost recovery and not
12 try to put too many qualifiers in it. Is that
13 better?
14 A. Sure. I would say that RESA understands that
15 utilities operate at an economic model based on
16 cost recovery. RESA is not asking DP&L
17 shareholders to bear the costs of retail market
18 enhancements implemented at the utility.
19 Q. Okay.
20 A. RESA believes that every program or enhancement
21 that improves the retail market needs to be
22 assessed individually and under the specific
23 details of the case, so DP&L provides a specific
24 case where any number of proposed improvements
25 the retail market would need to be looked at

1 individually, and in some cases it may be
2 appropriate for cost recovery to be socialized
3 to all customers because all customers benefit
4 and benefit equally or equitably in some cases,
5 again depending on the situation, and I would
6 say that POR is probably the prime example.
7 There are some cases where it may be
8 appropriate for the CRES provider to provide
9 cost recovery, direct cost recovery for the
10 program. So I can't say that -- I'll end it
11 there, actually.
12 Q. Okay. We have received -- the parties have
13 received the prefiled testimony of one of the
14 members of the staff, Patrick Donlon? Have you
15 examined or had a chance to read that testimony?
16 A. I have not.
17 Q. Let me ask the Court Reporter if a copy of that
18 testimony reached you?
19 COURT REPORTER: Yes.
20 MR. FARUKI: I'd like to have that marked
21 as the exhibit next in order.
22 MR. PETRICOFF: I have not seen this one.
23 Did you send me a copy, as well?
24 MR. FARUKI: No. I just figured everybody
25 got it from docketing. It's Patrick Donlon's

1 testimony, Howard.
2 MR. PETRICOFF: I know he filed testimony
3 on Tuesday. I have not read it yet either.
4 MR. FARUKI: Let me tell you where I'm
5 going, Howard, because I think this will resolve
6 it. Donlon talks about things other than what
7 we're talking about in this deposition, but with
8 regard to competitive enhancements, he has on
9 pages -- primarily Page 6, goes onto 7 a little
10 bit, a one paragraph recommendation about the
11 cost of competitive enhancements and how they
12 would be split, and I'm -- I'll tell you what,
13 let's go off the record while she marks that.
14 I'm going to read that paragraph to you, Howard.
15 MR. PETRICOFF: Okay. That would be fine.
16 (Discussion held off the record.)
17 (DP&L Exhibit No. 3 was marked for
18 identification)
19 BY MR. FARUKI:
20 Q. The reporter has marked and given to you Exhibit
21 3 to your deposition, which I will represent to
22 you is a copy of the prefiled testimony of
23 Patrick Donlon with the Public Utility
24 Commission's staff.
25 And while we were off the record, I read to

1 Mr. Petricoff the paragraph about which I'm
2 going to ask you which starts on Page 5, Line
3 11. Do you have that testimony in front of you?
4 A. I do.
5 Q. And you have read along with me on Page 6 the
6 staff testimony that has a 60, 15, 25 percent
7 allocation of costs?
8 A. Correct.
9 Q. And my question to you then is do you have an
10 agreement or a disagreement with that
11 allocation?
12 A. I couldn't -- I don't believe -- this is the
13 first that I've seen this. I don't know which
14 RESA members have or have not seen this, so I
15 don't think it would be appropriate for me to
16 represent RESA's reaction to this at this time.
17 Q. Okay. Is it correct that at least prior to
18 seeing this testimony RESA did not have a
19 proposal in your testimony with regard to an
20 allocation of cost?
21 A. That's correct. There was no proposal in our
22 testimony.
23 Q. Okay. Off the record.
24 (Discussion held off the record.)
25 MR. FARUKI: I don't have anything else.

1 We can go back on the record, and you can make
2 your decision for the Court Reporter about
3 waiver, but I don't think I have anything else.
4 MR. PETRICOFF: Well, I can make that
5 decision now. We would like to review it. We
6 would not want to waive.
7 (The deposition concluded at 4:22 p.m.)
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COMMONWEALTH OF PENNSYLVANIA)
) SS.
COUNTY OF YORK)

I, Tracy L. Lloyd, Reporter and Notary Public in and for the Commonwealth of Pennsylvania and County of York, do hereby certify that the foregoing testimony was taken before me at the time and place hereinbefore set forth, and that it is the testimony of:

STEPHEN E. BENNETT

I further certify that said witness was by me duly sworn to testify the whole and complete truth in said cause; that the testimony then given was reported by me stenographically, and subsequently transcribed under my direction and supervision; and that the foregoing is a full, true and correct transcript of my original shorthand notes.

I further certify that I am not counsel for nor related to any of the parties to the foregoing cause, nor employed by them or their attorneys, and am not interested in the subject matter or outcome thereof.

Dated at York, Pennsylvania, this 14th day of March, 2013.

NOTARIAL SEAL
TRACY L LLOYD
Notary Public
DOVER TWP. YORK COUNTY
My Commission Expires Apr 21, 2015

Tracy L. Lloyd, Notary Public
Registered Professional Reporter

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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 Stephen E. Bennett electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light Company