

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)	Case No. 13-1141-GE-RDR
Energy Ohio, Inc. to Adjust Rider DR-IM)	
and Rider AU for 2012 SmartGrid Costs.)	
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)	

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

January 10, 2014

TABLE OF CONTENTS

QUALIFICATION OF THE WITNESS	3
OPPOSITION OF THE STIPULATION AND DESCRIPTION OF AMENDMENTS TO THE STIPULATION	5
INTERVAL LOAD DATA ACCESS FOR CRES PROVIDERS	8
PROVISION OF CUSTOMER INTERVAL LOAD DATA BY DUKE TO CRES PROVIDERS	10
PROTECTION OF CUSTOMER INTERVAL LOAD DATA AND CUSTOMER DISCLOSURES	12

QUALIFICATION OF THE WITNESS

Q1. Please state your name and business address.

A1. My name is Teresa Ringenbach. My business address is 21 East State Street, 19th Floor Columbus, Ohio.

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

A2. I am the Senior Manager of Government and Regulatory Affairs for the Midwest for Direct Energy, LLC (“Direct Energy”).

Q3. How long have you been employed in your current position?

A3. I have been employed in my current position with Direct Energy since 2009.

Q4. Please explain the job responsibilities and duties in your current position.

A4. I am the key market lead for Ohio and responsible for directing the monitoring, advocacy, regulatory, and legislative activities which affect Direct Energy’s ability to serve customers in Ohio, Illinois, and Michigan. My responsibilities cover electric, natural gas, and home services issues for all levels of customers from residential to large industrial.

Q5. Please describe your educational background and relevant work experience prior to joining Direct Energy.

A5. I hold a Bachelor of Business Administration with a concentration in International Business from the University of Toledo. I started in the energy industry in 2001 with Integrys Energy Services, Inc., formerly WPS Energy Services, Inc., as a Customer Service and Marketing Specialist promoting and managing the recently opened Ohio residential and small commercial electric offers. In 2002, I accepted the position of Account Manager – Inside Sales where I sold and managed the Government Aggregation Programs for both gas and electric. In 2005, I accepted the position of Regulatory Specialist. In this position I was responsible for regulatory compliance and state

registrations throughout the United States and Canada. In 2006, I accepted the position of Regulatory Affairs Analyst – East covering New England, New York, New Jersey, Ohio and Pennsylvania gas and electric issues. In the spring of 2008, I accepted the Regulatory Affairs Analyst position for the Midwest region covering Ohio, Michigan, Illinois, Indiana, Kentucky, and all of Canada. In this position, I directed the regulatory and legislative efforts affecting Integrys Energy’s gas and electric business. In August 2009, I joined Direct Energy as the Manager of Government and Regulatory Affairs for the Midwest. In June 2011 I was promoted to Senior Manager of Government and Regulatory Affairs for the Midwest covering Ohio, Illinois, Kentucky, Pennsylvania and Michigan. As of December 2013, my position changed to key market lead for Ohio and lead for Illinois and Michigan. As stated above this position advocates, protects and monitors regulatory and legislative activities affecting the gas, electric and home services business interests of Direct.

Q6. Have you ever testified before a regulatory agency?

A6. Yes. I have testified before the Connecticut Department of Public Utility Control, the Pennsylvania Public Utility Commission, the Public Utilities Commission of Ohio, the Illinois Commerce Commission and the Public Service Commission of Kentucky.

Q7. What is the purpose of your testimony?

A7. My testimony opposes the Stipulation and Recommendation (“Stipulation”) filed in this case as well as presents Direct Energy’s positions regarding how the Commission should modify the Stipulation.

OPPOSITION OF THE STIPULATION AND DESCRIPTION OF AMENDMENTS TO THE STIPULATION

Q8. Does Direct Energy support the Stipulation filed in this case?

A8. No. Direct Energy does not believe the Stipulation meets the Commission's criteria for approval of settlements. Specifically, Direct Energy does not believe the Stipulation, as a package, benefits ratepayers and is in the public interest and that the settlement violates important regulatory principles and practices. The Commission should modify the Stipulation as explained below in order to make the Stipulation fit within the Commission's criteria for approval of settlements.

Q9. Please describe the changes the Commission should make to the Stipulation.

A9. The Commission should amend the Stipulation as follows: (1) explicitly permit a competitive retail electric supply ("CRES") provider to receive from the Company, with customer consent, customer interval energy consumption/load data; (2) allow a CRES provider to obtain customer consent to receive the customer interval energy consumption/load data through a conspicuous disclosure in the terms and conditions of service for the contract; (3) direct Duke to provide CRES providers customer interval energy consumption/load data through flat files (e.g. Excel files) and eventually through electronic data interchange ("EDI") files; (4) declare that the confidentiality of customer interval energy consumption/load data received by a CRES provider is adequately governed by Duke's current supplier tariff; (5) Direct Duke to implement a master data management system; and (6) allow for recovery of any incremental information technology infrastructure costs to implement items (1) through (5).

The Stipulation is not in the public interest nor benefits ratepayers because it lacks these items. The changes I support below would provide Duke ratepayers the opportunity to take advantage of the full benefits of their smart meters, which they pay for, soon after full deployment in the middle of this year. The timing of this case so close to full deployment, when combined with the fact that this case resolves how customers pay Duke for smart meters, is a part of why it is not in the public interest and does not benefit ratepayers to omit these issues from the Stipulation. Additionally, the changes would benefit ratepayers and be in the public interest inasmuch as they would detail protection of customer information by CRES providers and provide important disclosures regarding CRES provider access to customer interval load data. Finally, my attorneys have advised me that the changes would remedy the Stipulation's failure to follow Ohio's state policies enumerated in Section 4928.02, Revised Code, including but not limited to subsections (B), (D), and (J).

Q10. Isn't Direct Energy "jumping the gun" on the data access issues? Why doesn't Direct Energy wait for a Commission decision in other dockets regarding smart meter data to address the data access issues?

A10. No. Direct Energy believes this is an appropriate docket to address the data access issues. Direct Energy acknowledges the data access issues being raised by Direct Energy in this docket have been raised in other Commission dockets, including 12-3151-EL-COI, 12-2050-EL-ORD, and 11-277-GE-UNC. However, Direct Energy believes the Commission should take the opportunity in this docket to move these issues forward. Doing so in this docket and limited to this one utility makes sense inasmuch as Duke is

the furthest along of the Ohio electric distribution utilities (“EDU”) in smart meter deployment.

Even if the Commission does address the data access issues identified in this case in one or more of those dockets, it seems unlikely that those dockets would be where individual electric distribution utilities (“EDU”) will actually implement the Commission’s decisions on the data access issues. In that circumstance I would be in favor of an order in this case acknowledging that possibility and making any order in this case subject to any future order in those dockets. Further, it appears from the posture of those dockets that a separate case to implement anything that would come out of those dockets will be required. Therefore, this case serves as a pre-developed vehicle and provides record support for implementation of the data access issues should the Commission agree with Direct Energy on the items presented to the Commission in this case for decision. By putting this record in this case, it gives the Commission a place to approve these market enhancements, gives CRES providers in Duke’s territory a head start on implementing these important market enhancements, and gives customers quicker access to the improved products (and possibly services) that might be provided by using the smart meters installed in their premises.

Q11. Do you have an alternative proposal for Commission consideration?

A11. Alternatively, if the Commission does not feel comfortable issuing such an order applicable to all CRES providers in Duke’s service territory, I propose the Commission permit Direct Energy to access customer interval load data on a 24 month pilot basis

under the conditions described herein and direct Duke to promptly implement the necessary information technology upgrades described in the testimony. Then, on a yearly basis during the same month that the original Order in this case is approved, Direct Energy, Duke, and Staff should be required to submit a report (under seal) to the Commission with the following information: number of Direct Energy products in the market utilizing interval load data, number of customers on each product by month for the previous 12 months, individual customer response, and results of efficiency aspects of any products designed to reduce load. Direct Energy would work with Staff and Duke to resolve any mechanical or other details to implement the pilot.

INTERVAL LOAD DATA ACCESS FOR CRES PROVIDERS

Q12. Please describe the need for interval load data access.

A12. Under the current paradigm, Duke only provides to CRES providers a customer's total lump sum monthly load after the customer's monthly meter read. Direct Energy has the capability to bring new and innovative products to the market which will impact a customer's total bill rather than simply a per kilowatt hour ("kWh") price. However, these products rely on more granular data than the total lump sum monthly load we receive today. According to the Direct Testimony of Duke witness Schneider at pages 3-4, Duke will fully deploy smart meters within its service territory by the middle of 2014. The smart meters deployed by Duke are capable of providing the more granular interval data needed to offer new products in the Duke market. The most basic of these products require hourly data on a daily and monthly basis. Duke has indicated the smart meters it

is deploying are currently programmed to read data in 15 minute increments.
Attachment 1 (Response to Direct Energy Interrogatory No. 01-002).

Q13. Please describe the products that Direct Energy could offer with interval load data?

A13. There are several types of products including, time of use, seasonal peak, free day, and pre-paid (called Power to Go by Direct Energy).

Q14. Why do these products rely on interval pricing received daily and monthly?

A14. Power is priced and scheduled by hour in the market or for CRES products in even smaller increments. For example, Power To Go is a version of a pre-paid energy commodity product which shows customers if their prior days usage was excessive and allows customers to react and change their usage closer to real time. By having hourly (or more frequent interval) load provided daily, CRES providers can show customers how much energy was used in a more specific period of time and the corresponding cost of that energy, allowing the customer to adjust and change load before the end of the billing period. How often the customer is updated would depend on how often the CRES provider receives load data and the customer agrees to receive that data. Today customers receive a bill after the fact for a total month's load, leaving the customer no options to change their load or even identify anomalies in load and fix them to avoid excessive charges.

Time of Use products offer customers options of variable pricing closer to market or the ability to shift their load to off peak times in order to save. Seasonal peak and free day are variations of the time of use concept.

Seasonal peak products allow customers to shift load during the defined PJM peak periods in both winter and summer. Duke's current pilot is a seasonal peak type of product. In order to charge customers less a CRES provider must receive load by hour to verify what the customer used and reduced during those peak hours.

Direct Energy's free day products take the notion of time of use to a more simple level. Rather than customers monitoring and changing their load each hour to capture a per kWh price, we allow the customer to choose a day of the week, weekend, or nights for free power. The idea is to make it as easy as possible for the customer to incorporate a demand response product into their lifestyle by shifting high load to their free period and thus reducing load at other times of the week. In order to offer these free periods Direct Energy receives hourly load data and zeros out the price for the relevant hours.

PROVISION OF CUSTOMER INTERVAL LOAD DATA BY DUKE TO CRES PROVIDERS

Q15. Is Duke able to provide customer interval load data?

A15. Per Duke's answer to Direct Energy Interrogatory No. 01-001 (Attachment 2), Duke is not currently capable of providing this information via an EDI transaction. However, Duke is able to provide this information through a "flat file" (e.g. an Excel file) and per the

response to Interrogatory No. 01-008(d) (Attachment 3) has developed a plan and could implement much of the access if funding is approved. CRES providers should promptly be given access to hourly data today through a flat file transfer site in order to begin offering the advanced products I outlined above. Customers are paying the rider and paying for the metering but have limited opportunity to achieve the benefits that can accrue to them on an individual basis. The Commission should require Duke to implement and “go live” with a flat file transfer site within six (6) months of the Commission’s initial Order in this case.

Q16. If CRES providers can use a flat file transfer today why is it necessary to implement an EDI change?

A16. While Direct Energy can use a flat file transfer today, such a flat file is not ideal. As indicated in the response to Interrogatory No. 01-007 (Attachment 4), Duke can provide manual flat file information today but not for large numbers of customers and there would be a cost for this. The flat file transfer creates another step to download information from Duke to our system that does not exist for EDI transactions. With a flat file transfer, our system (once downloaded) re-edits the information into EDI in order to submit the load information along with pricing back to Duke for bill ready billing. As customer counts grow, the process may be cumbersome for billable load versus things such as historical load. EDI removes the extra step and any potential delays in receiving the data in time to meet billing windows. Therefore, while we can work with flat files in the interim, the best long term solution is EDI.

Q17. How is access to customer interval load data relevant to the Duke rider?

A17. Receiving customer interval load data via EDI will take programming and personnel time estimated at \$1,368,000. Attachment 3 (Duke Response to Direct Energy Interrogatory No. 01-008). These costs are directly related to smart metering and should be included in the rider. Just as the costs to provide current monthly aggregated data via EDI programming when Duke moved to PJM were paid for by all customers.

PROTECTION OF CUSTOMER INTERVAL LOAD DATA

Q18. The Commission has not issued rules on consumer protections of advanced/interval meter data. How would Direct Energy protect the data?

A18. First let me note that CRES providers receive the currently-available customer information and data today. We follow the rules and tariff requirements to keep that data confidential and protected. Direct Energy receives interval and advanced meter data for residential and small commercial customers in Texas and Pennsylvania. In addition, we receive interval data for our large commercial and industrial customers in all states. The same systems we use in other states and protections of that data would apply here.

Further, Direct Energy (like all CRES providers) is bound by Duke's tariff (PUCO Electric No. 20, Sheet 46.2, Section 16.2) regarding confidentiality of a customer's information. That tariff states simply and clearly that "The Certified Supplier shall keep all information that is specific to an End-use Customer and supplied by the Company confidential unless the Certified Supplier has the End-use Customer's written

authorization to do otherwise and such written authorization complies with any and all relevant requirements of the Commission.”

The Commission should provide certainty to CRES providers and Duke and affirmatively acknowledge that Duke Energy Ohio’s current tariff provisions provide adequate protection and confidentiality of customer interval load data.

Q19. Can you address concerns about customer disclosures regarding the collection and storage of interval meter data?

A19. Direct Energy realizes that there are concerns regarding the granularity of advanced meter data that may warrant additional customer disclosures in a new market to ensure customers understand. In order to ensure that customers are aware they are allowing access to granular data and understand the purpose of that access, Direct Energy suggests the Commission require the following language be added to CRES provider enrollment forms as well as terms and conditions:

“Customer consents to provide [CRES provider name] access to interval load data in one hour or smaller increments solely for the provision of this product. [CRES provider name] will not sell or disclose the load data for any other purpose.”

This language should be conspicuously disclosed for all enrollments. For paper enrollments the Commission should order a separate acknowledgement (like check of a box or something similar to that already required for direct solicitations) in addition to the

ordinary signature on the contract. For third party verifications for direct solicitations and for telephone enrollments, this would be added to the list of questions requiring affirmative consent. Finally, for web enrollments, the Commission should require a customer check/click a box acknowledging disclosure to the CRES provider to continue.

Q 20. Does Direct Energy have additional thoughts regarding advanced meter data?

A 20. Yes. Jennifer Lause will cover additional data options through a meter data management system in her testimony including more detail on the importance of timing.

Q21. Does this conclude your testimony?

A21. Yes. The amendments to the Stipulation suggested by Direct Energy would ensure the Stipulation, as a package, is in the public interest and benefits ratepayers and does not violate any important regulatory principles or practices. Finally, I reserve the right to supplement my testimony.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Direct Testimony of Teresa L. Ringenbach was served this 10th day of January, 2014 by electronic mail delivery upon the persons listed below.

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Summary: Testimony of Teresa L. Ringenbach electronically filed by JOSEPH CLARK on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC