

**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's	)	
Investigation of Ohio's Retail	)	Case No. 12-3151-EL-COI
Electric Service Market	)	

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**COMMENTS OF THE**  
**DAYTON POWER AND LIGHT COMPANY**

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The Dayton Power and Light Company ("DP&L" or "Company"), hereby submits the following comments in reply to the Public Utilities Commission of Ohio Staff ("Staff")'s Market Development Work Plan ("work plan") filed on January 16, 2014 in this proceeding.

**General Comments:**

As a general theme applicable to this proceeding, DP&L urges consideration be given to Governor Kasich's Executive Order signed January 10, 2011, which establishes the Common Sense Initiative. More specifically, the Common Sense Initiative requires that all Commissions shall: "in all rules and regulations...properly balance the critical objectives of the regulation and the costs of compliance by the regulated parties" and "choose the regulation that accomplishes the regulatory objective and is least burdensome." Requiring Electric Distribution Utilities ("EDUs") to put in place costly computer system, accounting, and process changes without proper cost-benefit analyses, to ensure customer value for their dollar, fails to take into account the Governor's Common Sense Initiative. Additionally, the aggressive changes and timeline put forth by Staff for their proposals and implementation is overly burdensome for the EDUs. Many of the same employee resources will be involved on all planning and implementation teams;

therefore, a simultaneous roll-out of all recommended items is not practical. Furthermore, DP&L believes that some of the goals can be accomplished with a lesser burden being placed on all parties.

Having attended and participated in all of the Staff's workshops, sub-committee meetings, and hearings, DP&L notes it appears that in some respects, Staff's filed recommendations fail to incorporate discussions, feedback, and perceived accomplishments of those events. DP&L believes that several issues, in particular Purchase of Receivables ("POR"); Electronic Data Interchange ("EDI"), more specifically the merit of the Ohio EDI Working Group ("OEWG"), and seamless moves, were resolved through the subcommittee process yet Staff's recommendations do not reflect the progress made in those meetings.

Finally, and of critical importance, a Commission order in this case directing EDUs to implement these programs should find that the benefits of the programs outweigh the costs and as such the costs must be fully and unconditionally recoverable through rates. The Staff's recommendations appear to require EDUs to implement several of these initiatives without ample consideration of the value to customers and whether or not these are actual "services" that customers indicate that they want.

### **Market Definition and Measurements:**

While the definition itself is essentially the consensus of the subcommittee, DP&L is concerned with the lack of clarity in both what it will be used for and, more specifically, what the term "substantial" will ultimately mean. Bullet points three and four of the definition both use the modifier "substantial," implying that some barriers may be acceptable, but substantial barriers are not. DP&L notes that some barriers serve as protections for customers and should not be eliminated. More clarification is needed regarding the lack of substantial barriers.

The Staff's work plan lists several measurements which include data already provided to Staff on a quarterly basis. DP&L notes that statistics on shopping can be misleading as some customers have made the conscious decision not to shop which is itself a form of participating in the market. There are three other "criteria" listed that Staff believes should be adopted. It is unclear how those criteria help measure the definition. Two of the three criteria apply to EDUs only and are issues already addressed through each EDU's Electric Security Plan. The third criterion provides: "customers are engaged and informed about the products and services that they receive." Staff acknowledges that this is not readily quantifiable, but still encourages participants to ensure customers are engaged and informed. DP&L suggests that a clear measurement be developed for this idea. Informing customers is the responsibility of all market participants and since measuring the knowledge of customers, through means such as statewide surveys, will have expenses, all certified Competitive Retail Electric Service (CRES) Providers in the State should share in that expense.

#### **Purchase of Receivables:**

In its work plan, Staff recommends that the Commission order all EDUs that do not currently offer a POR program to file a plan for POR within twelve months of an order in this case. Staff further recommends that all utilities must have an active POR program within twenty-four months of an order in this case. Substantial customer information and accounting system changes are required for DP&L to put in place a POR program, which will result in substantial costs to customers. DP&L is concerned that the benefits to customers from POR programs will not outweigh the costs to customers. In its work plan, Staff argues that Duke Energy Ohio has considerably more active CRES Providers in its service territory than other EDUs throughout the state, and indicates that Duke's POR program is the reason for the high

number of market participants. However, the facts used to draw this conclusion were incorrect. In fact, DP&L without a costly POR program, has nearly the same number of active CRES Providers operating in its service territory as Duke even though Duke's service territory is almost 1/3 larger than DP&L's.<sup>1</sup> DP&L had 31 actively participating CRES Providers as of December 9, 2013, while Duke reportedly had 34. Customers in DP&L's service territory are already seeing a diversity of suppliers and product offerings; therefore, the customer value gained through implementing a costly POR program is minimal at best. One size simply does not fit all in this instance. DP&L suggests that each EDU be given the option to implement POR on its own, as is current practice in each EDU's Standard Service Offer cases.

While DP&L urges that the implementation of a POR program remain at the EDU's discretion, if the Commission does mandate implementation of a POR program for all EDUs, the Commission should consider the following:

- (1) Implementation of a POR program should be on a reasonably achievable schedule, provided by the EDU, based on the system, accounting, and process changes needed for a fully functional program rather than an arbitrary date;
- (2) All CRES Providers must participate in the EDU POR program;
- (3) All POR programs should be approved with an accompanying bad debt rider, with carrying charges, so that the EDU is made whole through implementation of this mandated program; and
- (4) EDUs should be granted all rule waivers necessary to allow the EDU to cost-effectively implement a POR program.

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<sup>1</sup> The Staff report incorrectly states that DP&L had only 19 active CRES providers operating in its service territory as of December 9, 2013.

To the last point, the Company has attached as “Attachment A,” an initial list of the Electric Service and Safety Standard rules that may require a waiver by the EDU or more simply, the issues that need to be addressed to effectuate POR programs.

Finally, DP&L urges the Commission to carefully consider the non-POR alternative as defined in Staff’s work plan on page 17 as a reasonable alternative to full POR implementation. It appeared as though the Retail Market Investigation subcommittee meetings revealed the overwhelming majority of the suppliers’ concerns could more cost-effectively be resolved with these non-POR alternatives. As such, allowing this approach would be less costly, less burdensome, meet the majority of the suppliers concerns, and is more in line with the Common Sense Initiative.

#### **Electric Data Interchange:**

In the work plan, Staff recommends that an EDI Policy Working Group be formed to prioritize EDI change requests and recommend EDI changes, as well as, resolve issues that cannot be resolved through the current OEWG. DP&L takes no issue with this group being formed; however, is concerned that allowing the group to make policy decisions and require EDUs to implement resulting processes would in essence amount to an improper delegation of authority by the Commission. Each EDU has divergent interests based on system and operating differences; therefore, a group of this nature has no standing to order the EDUs to implement any process changes. In addition, if the EDU is unsatisfied with a decision by this group or financially or operationally harmed, it has no form of redress against the requirements placed upon it by such a policy working group.

### **Seamless Moves / Contract Portability:**

Staff's work plan recommends that, "the Commission order the OEWG to provide, within six months of the Order an operational plan to put a seamless move process into effect."

Seamless moves would require the EDU to in some way track each customer's contract to ensure it is portable and then enroll those customers immediately at the new premise. Transacting enrollments on a pending active account would require significant systems changes. These policy issues, along with others such as gaps in service, overlap of service, slamming accountability, tariff class eligibility, etc. need to be clarified in depth before such a plan could even be proposed by the OEWG. There is no "one size fits all" process for EDUs with different systems and operational processes and once again, ordering the OEWG to file a plan for seamless moves may similarly raise delegation of authority issues.

Furthermore, the effort of developing and maintaining strong relationships with their customers is being shifted from CRES Providers to the EDUs. Maintaining these relationships is a benefit to customers, the function of the CRES Providers, and a cost of doing business in a competitive market. A more reasonable and less costly approach to seamless moves would be for the EDU to simply provide the moving customer with the name and phone number of their CRES Provider so that the customer has the option to contact the CRES Provider to begin a new contract for the new address at the time of the move, that follows today's normal switching timelines. This common-sense solution change accomplishes contract portability if both the customer and CRES Provider desire it.

### **Bill Format:**

Staff recommends four billing format changes in its work plan, which includes a recommendation that EDUs be required to place CRES Provider logos on its bill. DP&L is

concerned with the value being attributed to having CRES Provider logos on the utility bill is overstated. This seems to be another substitute for the CRES Provider's responsibility of maintaining strong customer relationships. Additionally, there is a risk that placing a second, or even third company logo on the bill may increase customer confusion.

To recover IT costs of placing the CRES Provider logo on the EDU bill, Staff recommends that these costs are frozen in time and spread evenly among active CRES Providers in the form of a one-time setup fee. Moreover, any new CRES Provider to the EDU's service territory must pay that same amount for registration with the EDU. Any payments made by CRES Providers that recover more than the initial setup is intended to be credited back to the EDU consolidated billing charge being applied to all CRES Providers. DP&L is concerned with this recovery mechanism from a practical standpoint for three reasons:

- (1) Charging all registered CRES Providers the same amount for a per-use service can act as a barrier to entry for smaller providers whose charges appear on a minimal amount of EDU bills. For example if CRES Provider A bills 20 customers a total dollar value of \$1,000 and CRES Provider B bills 20,000 customers a total dollar value of \$1,000,000, but the one-time logo charge is \$20,000, CRES Provider A will more than likely exit that market;
- (2) DP&L charges each individual CRES Provider for its own consolidated billing charges based on the volume of bills per CRES provider and, therefore, does not spread the consolidated billing charges evenly among CRES Providers; and,
- (3) This recommendation does not clarify recovery of ongoing costs for providing a consolidated bill showing the CRES Provider logo nor an incremental expense of

developing and inserting a new CRES Provider logo when new market participants enter the market.

Staff also recommends that the supply charges would be separated from delivery in the same manner for customers served by the SSO or a CRES Provider. This presents an increasingly complex bill re-design need for DP&L to display its supply charges for SSO customers in the same location as if the customer were receiving supply from a CRES Provider.

#### **Customer Enrollment:**

DP&L agrees with Staff's comments that account numbers should be protected, that only the customer may give consent to switch and that the account number is the proper identifier to be used to make the switch; however, DP&L does not agree that customers should be able to access this protected information by signing up on its website using a piece of information that may or may not be secure. Sufficient safeguards of customer information and protection against slamming must be in place.

#### **Data Access and Time-Differentiated Rates:**

Staff, in its work plan recommends that "EDUs with all or a significant number of AMI deployed and certified should offer pilot time-differentiated rates." This position is contrary to the development of a competitive market and sends conflicting policy signals to EDUs and investors. In recent ESP orders, the Commission is ordering utilities to sell, transfer or remove generation assets from the utility and conduct competitive bid auctions, using third parties to supply default retail generation service. Yet here if the Commission orders EDUs to implement time-differentiated rates, the Commission would be placing EDUs back into the business of providing retail generation services and mandating retail generation services be offered by the EDU. Market forces should drive the implementation of time-differentiated pricing options and



other pricing options. In a fully competitive market, the demand for a product will drive product offerings; therefore, competitive retail electric providers will ensure time-differentiated rates are available when and if there is demand in the market for such an offering.

### **CONCLUSION**

DP&L respectfully submits its comments for consideration on the Staff's work plan and appreciates the opportunity to comment and participate in the Commission's investigation in connection with this proceeding.

Respectfully submitted,

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## **ATTACHMENT A**

If the PUCO determines that Ohio utilities will have a POR program for CRES receivables, it will be important that O.A.C. 4901:1-10 and O.A.C. 4901:1-18 include language that supports the following: (This list may not be all inclusive based on the final design of the program.)

- EDU must purchase all CRES receivables for which it provides consolidated billing.
- EDU can include CRES receivables in payment agreements.
- EDU can include CRES receivables in disconnection notices and they will be bundled with EDU receivables.
- EDU can disconnect electric service for non-payment of past due CRES receivables using the same rules and regulations as past due EDU receivables.
- EDU can require payment of past due CRES receivables and past due EDU receivables to reconnect services that have been shut off for non-payment.
- EDU can require payment of past due CRES receivables and past due EDU receivables to start new service.
- EDU can require a deposit on CRES and EDU receivables.
- EDU can bundle multiple CRES Providers' receivables on a bill and only display detail on the current CRES Provider's charges, account number, name, and toll-free phone number.
- EDU will only bill for CRES generation and transmission charges.
- EDU can transfer unpaid final bill CRES receivables to another account of the same customer.
- EDU can send CRES receivables to third-party collection agencies for collection.
- EDU will use ESSS partial payment posting priorities with the following exception: Deposits and reconnection fees that are required for starting new service or reconnecting service (after disconnection for non-payment) will be paid first.
- EDU reserves the right to return a customer to SSO if the customer has CRES receivables 60 days old.
- CRES receivables can be transferred to a guarantor using the same rules as exist for EDU charges.
- EDU can assess late payment charges on past due CRES charges.

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