

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Power Company for Authority to)
Establish a Standard Service Offer) Case No. 13-2385-EL-SSO
Pursuant to R.C. 4928.143, in the Form of)
an Electric Security Plan.)

In the Matter of the Application of Ohio)
Power Company for Approval of Certain) Case No. 13-2386-EL-AAM
Accounting Authority.)

DIRECT PREPARED TESTIMONY OF TERESA L. RINGENBACH

ON BEHALF OF DIRECT ENERGY SERVICES, LLC

AND DIRECT ENERGY BUSINESS, LLC

May 6, 2014

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1 **QUALIFICATION OF THE WITNESS**

2 **Q1. Please state your name and business address.**

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

5
6 **Q2. By whom are you employed and in what capacity?**

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

9
10 **Q3. How long have you been employed in your current position?**

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

12
13 **Q4. Please explain the job responsibilities and duties in your current position.**

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

18
19 **Q5. Please describe your educational background and relevant work experience prior to**
20 **joining Direct Energy.**

21 **A5.** I hold a Bachelor of Business Administration with a concentration in International
22 Business from the University of Toledo. I started in the energy industry in 2001 with
23 Integrys Energy Services, Inc., formerly WPS Energy Services, Inc., as a Customer
24 Service and Marketing Specialist promoting and managing the recently opened Ohio

1 residential and small commercial electric offers. In 2002, I accepted the position of
2 Account Manager – Inside Sales where I sold and managed the Government Aggregation
3 Programs for both gas and electric. In 2005, I accepted the position of Regulatory
4 Specialist. In this position I was responsible for regulatory compliance and state
5 registrations throughout the United States and Canada. In 2006, I accepted the position
6 of Regulatory Affairs Analyst – East covering New England, New York, New Jersey,
7 Ohio and Pennsylvania gas and electric issues. In the spring of 2008, I accepted the
8 Regulatory Affairs Analyst position for the Midwest region covering Ohio, Michigan,
9 Illinois, Indiana, Kentucky, and all of Canada. In this position, I directed the regulatory
10 and legislative efforts affecting Integrys Energy’s gas and electric business. In August
11 2009, I joined Direct Energy as the Manager of Government and Regulatory Affairs for
12 the Midwest. In June 2011 I was promoted to Senior Manager of Government and
13 Regulatory Affairs for the Midwest covering Ohio, Illinois, Kentucky, Pennsylvania and
14 Michigan. As of December 2013, my position changed to key market lead for Ohio and
15 lead for Illinois and Michigan. As stated above this position advocates, protects and
16 monitors regulatory and legislative activities affecting the gas, electric and home services
17 business interests of Direct.

18
19 **Q6. Have you ever testified before a regulatory agency?**

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

1 **Q7. What is the purpose of your testimony?**

2 **A7.** My testimony supports in part and opposes in part Ohio Power Company’s (“AEP-Ohio”)
3 proposed electric security plan (“ESP”). Direct Energy supports certain aspects of the
4 ESP; however we oppose items which will have the result of forcing customers of Direct
5 Energy to pay for power they neither take nor use and which will have the impact of a
6 partially re-regulated market. I will also recommend changes that would eliminate an on-
7 going barrier to innovative product offerings by competitive retail electric service
8 (“CRES”) providers in AEP-Ohio’s territory.

9

10 **ASPECTS OF THE PROPOSED ESP THAT DIRECT ENERGY SUPPORTS.**

11

12 **Q8.** Which aspects of the ESP does Direct Energy support?

13 **A8.** Direct Energy supports AEP’s provision to create a supplier web portal. Web portals
14 allow suppliers greater flexibility in pricing customers faster while also creating a
15 self-service aspect for normal data requests. In addition, while electronic data
16 interchange (“EDI”) transactions are preferred for most standard day to day transactions,
17 there is a cost for each transaction. A web portal would reduce transaction costs by
18 allowing the supplier to transfer (or “scrape”) data into our system in larger amounts
19 rather than wait for individual EDI transactions. Finally for items such as sync lists,
20 reports on payment plans, and other data related to our customers, a web portal allows us
21 to pull the data on demand on our timeframe rather than request and wait for the utility,
22 who may have a queue of suppliers making similar asks.

23

24 **Q9.** Are there other items Direct Energy supports?

1 A9. Direct Energy supports AEP-Ohio’s proposed purchase of receivables (“POR”) program
2 and AEP-Ohio’s move toward allowing CRES provider time of use (“TOU”) products.
3 However, we still expect to receive the payment information as ordered in the
4 Commission’s Finding and Order in docket 12-3151-EL-COI. The Commission should
5 make clear that approval of the proposed POR program will not relieve AEP-Ohio from
6 complying with the Commission’s directives in the 12-3151-EL-COI proceeding. In
7 addition, while POR provides a single collection point for customers, it limits a supplier
8 to utility consolidated billing. Direct Energy would like to have greater ability to bring
9 different products to customer bills while still providing a single bill and single collection
10 point.

11

12 Q10. How would Direct Energy propose to bring better products on a single bill?

13 A10. AEP should program their system to allow for supplier consolidated billing. There are
14 already rules for supplier consolidated billing (Chapter 4901:1-21-18, Ohio
15 Administrative Code), but Direct Energy’s understanding is that AEP-Ohio’s information
16 technology system is not programmed to allow for it. Supplier consolidated billing
17 would allow a supplier to develop products without the limits of space and commodity on
18 the utility bill. For example, a CRES provider could provide bundled gas and electric
19 products on a single bill. In addition, Direct Energy could place service related items such
20 as furnace and A/C tuneups, smart thermostats, and water heater discounts to assist
21 customers with efficiency.

22

1 Q11. Can't a CRES provider already bill for its own electric commodity service as well as the
2 home service-related items through dual billing, even to residential customers?

3 A11. Yes. However, in Direct Energy's experience, two separate bills one for commodity
4 service and another for transmission and distribution service is a significant barrier to
5 customer shopping. Customers prefer a single bill for their electric service and we believe
6 that supplier consolidated billing provides this same convenience to customers with
7 additional functionality that customers will prefer.

8

9 Q12. How would Direct Energy propose to handle collections or disconnection for
10 non-payment under supplier consolidated billing?

11 A12. This could be handled multiple ways. First it is important to note that the payment
12 priority under the supplier consolidated billing rules remain the same whether it is a
13 utility consolidated bill or a supplier consolidated bill. A CRES provider could provide a
14 utility with payment information in a similar manner and format as the utility provides to
15 a supplier today. Or a CRES provider could purchase the receivable of the utility. In
16 that case the utility would be paid regardless of customer payment to the CRES provider.

17

18 Q13. How would disconnection work under supplier consolidated billing?

19 A13. The most effective tool in collection is the ability to disconnect after all other payment
20 and assistance options have been offered. Under supplier consolidated billing, Direct
21 Energy would share with the utility collection information and create requirements to
22 allow the current disconnection process to continue. If there is supplier purchase of the

1 utility receivable, then supplier and utility could agree on terms necessary for
2 disconnection.

3
4 Q14. How does Direct Energy propose AEP-Ohio implement the necessary processes for
5 supplier consolidated billing?

6 A14. Direct Energy proposes the Commission require AEP-Ohio implement a working group
7 within 30 days of the opinion and order (or similar initial order) in this case approving the
8 ESP. The workshop would invite interested parties to create a structure and process for
9 supplier consolidated billing. The Commission should order AEP to file a tariff within
10 one year of the order approving this ESP to provide SCB. That tariff case would address
11 timing for programming and costs for SCB.

12
13 **ASPECTS OF THE PROPOSED ESP THAT DIRECT ENERGY OPPOSES**

14 Q15. What items in the proposed ESP does Direct Energy oppose?

15 A15. Direct Energy opposes the Purchased Power Adjustment Rider (“Rider PPA”).

16
17 Q16. Why does Direct Energy oppose Rider PPA?

18 A16. This rider would require customers to pay twice for generation service without any
19 additional benefit. While initially intended to allow profits or losses from OVEC to be
20 passed through to customers, the rider leaves open the option for additional PPA’s in the
21 future. Neither the OVEC generation nor future PPA’s will benefit customers who are
22 receiving default service or generation service from a CRES provider.

1 Q17. How would Rider PPA require customers to pay twice for generation?

2 A17. AEP is proposing the generation for default service be procured through a wholesale full
3 requirements auction. In addition, the generation service customers take through default
4 prices they will also now have additional generation costs through Rider PPA which is
5 not power they are using. If Rider PPA is simply the gain or loss of the utility selling
6 power from OVEC into the market then for a customer taking service from a CRES
7 provider there is no benefit to this rider. A CRES customer made a conscious decision
8 when they agreed to a CRES product to receive all of their generation from that supplier
9 at the agreed upon price. To backdoor an additional generation charge on a shopping
10 customer's bill for OVEC for which the customer receives no generation is improper.

11

12 Q18. Wouldn't Rider PPA provide additional reliability?

13 A18. No. Customers pay for reliability through the PJM tariffs. These costs are baked into the
14 full requirements bid for default service, through a CRES provider charges, or through
15 the new Basic Transmission Cost Rider ("BTCR"). Customers simply paying to keep
16 these Ohio plants open does not give Ohio customers any greater reliability than any
17 other customer in PJM. In fact, it only means Ohio customers will be paying to give all
18 other customers in PJM greater reliability. Essentially, AEP Ohio customers will pay to
19 help keep the lights on for customers in the mid-Atlantic states.

20

21

22

1 Q19. AEP is proposing credits would also flow back to customers if the plants are profitable.
2 Doesn't that provide a benefit to customers?

3 A19. I question why AEP wants Rider PPA. AEP is under no obligation to make this proposal
4 as well as has every incentive to keep profitable plants for the benefit of shareholders.
5

6 Q20. What should AEP do with the results of sales of OVEC power into the PJM market?

7 A20. AEP shareholders should bear the risk of OVEC's profits or losses. If OVEC is indeed
8 going to provide credits to Rider PPA then this should not be an issue. In the alternative,
9 OVEC should be used for default service supply.
10

11 Q21. What should the Commission order regarding allowance of future PPA's into Rider PPA?

12 A21. The Commission should not allow an opening for future PPA's in this Rider. The
13 Commission should not set a precedent to allow for free money from customers to pay
14 for generation units that are not profitable.
15

16 Q22. If the Commission decides that OVEC should be paid for by customers, how would
17 Direct Energy propose that be handled?
18

19 A22. Direct Energy proposes that if OVEC must be passed through to customers that Rider
20 PPA only be applied to default service customers. The Commission could use the power
21 from OVEC to fill any power needed due to migration to and from default service. This
22 would permit customers who are not on default service and therefore not utilizing any of
23 the OVEC generation to avoid rider PPA when they enroll with a CRES provider. This

1 is similar to precedent in Ohio law providing for avoidance of standby service charges for
2 aggregation customers. Section 4928.20(J), Revised Code. However, it appears AEP-
3 Ohio was only unable to divest OVEC. The utility should not maintain any other
4 generation nor should any other generation be allowed to be passed through a tariffed
5 rider.

6

7 Q23. Does this conclude your testimony?

8 A23. Yes. However, I reserve the right to supplement my testimony as needed or as
9 subsequent information becomes available.

1 **CERTIFICATE OF SERVICE**

2
3 The undersigned hereby certifies that a true and accurate copy of the foregoing Direct
4 Testimony of Teresa L. Ringenbach was served this 6th day of May, 2014 by electronic mail
5 delivery upon the persons listed below.
6

7
8 /s/ Joseph M. Clark _____

9 Joseph M. Clark
10

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