

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

**In the Matter of the Application of Duke)
Energy Ohio Inc. for Authority to Establish)
a Standard Service Offer Pursuant to) Case No. 14-841-EL-SSO
Section 4928.143, Revised Code, in the)
Form of an Electric Security Plan,)
Accounting Modifications and Tariffs for)
Generation Service.)**

**In the Matter of the Application of Duke)
Energy Ohio Inc. for Authority to Amend) Case No. 14-842-EL-ATA
its Certified Supplier Tariff, P.U.C.O. No.)
20.)**

**DIRECT TESTIMONY OF DWAYNE R. PICKETT
ON BEHALF OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

September 26, 2014

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1 **INTRODUCTION**

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

3 **A1.** My name is Dwayne R. Pickett. My business address is 355 E Campus View, Suite 150
4 Columbus, Ohio 43235.

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

6 **A2.** I am employed by Integrys Energy Services Inc. as a Government and Regulatory Affairs
7 Representative.

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

9 **A3.** I have been in my present position for 1.5 years. Prior to that, I worked in the Office of
10 Public Affairs and the Office of Chief of Staff at the Public Utilities Commission of Ohio
11 ("PUCO" or "Commission") for three years.

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

13 **A4.** I am responsible for government and regulatory affairs in Ohio, Michigan, Pennsylvania,
14 New Jersey, New Hampshire and Wisconsin for Integrys Energy Services. Additionally, I
15 am currently the State Electric Chair of the Retail Energy Supply Association ("RESA") in
16 Ohio, the Vice Gas Chair of RESA in Pennsylvania, the State Gas Chair of RESA in New
17 Jersey, and the Secretary of the Ohio Gas Suppliers Association.

18

19

1 **Q5. Please describe your educational background and relevant work experience.**

2 **A5.** I earned a Bachelor's of Science degree in the field of Political Science from The Ohio State
3 University. In my three years at the PUCO, I worked on a plethora of complex issues
4 relating to competitive markets, including the second electric security plan ("ESP") of Duke
5 Energy Ohio Inc. ("Duke"). In my capacity as State Electric Chair for RESA in Ohio, I
6 coordinated RESA's efforts in the PUCO's recent investigation into the retail electric
7 market, Case No. 12-3151-EL-COI.

8 **Q6. Please describe RESA.**

9 **A6.** RESA is a broad and diverse group of retail energy suppliers who share the common vision
10 that competitive energy retail markets deliver a more efficient, customer-oriented outcome
11 than a regulated utility structure. Several RESA members are certificated as Competitive
12 Retail Electric Service ("CRES") providers and are active in the Ohio retail market.
13 RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC;
14 Consolidated Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy
15 Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy,
16 Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just
17 Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra
18 Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL
19 EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle

1 Energy, L.P. The testimony that I am presenting represents only those of RESA as an
2 organization and not necessarily the views of each particular RESA member.

3 **Q7. Have you ever testified before a regulatory agency?**

4 **A7.** Yes, I testified before the Commission in June 2014 in Ohio Power Company's ESP III
5 proceedings, Case Nos. 13-2385-EL-SSO et al. Additionally, I was asked by the
6 Commission to participate in a panel discussion before the Commissioners in the Retail
7 Electric Market Investigation (Case No. 12-3151-EL-COI), which I did in December 2013.

8 **Q8. As part of the proposed ESP III, has Duke proposed any new programs or changes that**
9 **will foster further development in the CRES market in its service territory?**

10
11 **A8.** As RESA witness Campbell testified, the Duke ESP II had several market development
12 programs that appear to have made a difference in the number of residential and small
13 commercial customers who are shopping. In the Duke ESP III application though, Duke has
14 not put forth any new plans to address the 50% of residential customers and 40% of
15 commercial customers who have not taken advantage of the retail energy market. There are
16 a couple of programs which are in place in other utilities' service territories, though, that
17 could be adopted by Duke and which would benefit the smaller customers and not require a
18 great deal of cost or time to implement.

1 **Q9. Does RESA have any recommendations of retail market enhancements that Duke**
2 **could implement as part of ESP III for the benefit of small customers?**

3
4 **A9.** Yes, RESA recommends that Duke explore an “Enroll From Your Wallet” program to be
5 implemented in Duke’s service territory on a two-year pilot basis. Enroll From Your Wallet
6 makes signing up for competitive energy much more convenient and efficient for customers.
7 RESA also suggests that Duke explore a Market Energy Program (“MEP”). Customer
8 referral programs, like the proposed MEP program have been used in Pennsylvania to
9 introduce customers who have never shopped for power to the retail energy market, and for
10 their efforts, participating suppliers in the MEP program will award the retail customers an
11 additional discount.

12 **ENROLL FROM YOUR WALLET**

13 **Q10. Please explain the recommended “Enroll From Your Wallet” program.**

14 **A10.** In Duke’s service territory, the customer’s electric account number is a critical piece of
15 information that must be obtained by the customer and provided to CRES providers in order
16 for the retail customer to enroll in a retail sales agreement. Unlike the kind of information
17 generally used by internet shoppers or, if forgotten, can be obtained on line by providing a
18 pet names, driver license number, mother’s maiden name or the like; customers for retail
19 power must know their 15-to-20-digit utility account number created by the utility and then
20 transcribe that number to the CRES provider without making a mistake. The customer has
21 limited alternatives which are to contact the utility during business hours and request the

1 account number or step away from the sale and attempt to log into a utility website to access
2 their data. As a result, obtaining the utility account number in and of itself has been a
3 barrier to shopping, particularly on weekends when the utility is closed or at shopping
4 venues like malls and stores – away from the customer’s home where a utility invoice may
5 typically be found. No other sale process requires a customer to search for information not
6 readily on them or known to them.

7 RESA and others have advocated that customers be allowed to enroll with a CRES
8 provider by using more-readily available information, such as that typically kept in a wallet
9 or known by customer. The program called “Enroll From Your Wallet” was recommended
10 as a competitive market enhancement by RESA and others most recently during the
11 Commission’s Retail Electric Market Investigation (Case No. 12-3151-EL-COI). The
12 Commission considered “Enroll From Your Wallet” in the Retail Electric Market
13 Investigation and the Commission acknowledged in its March 2014 Finding and Order
14 concerns regarding “the difficulty of enrolling customers who may not have immediate
15 access to an account number.” (Case No. 12-3151-EL-COI, Finding and Order at 35) The
16 Commission requested that a working group continue to work on the program for statewide
17 application.

1 **Q11. Why is RESA recommending an “Enroll From Your Wallet” program in this**
2 **proceeding and how would it work?**

3
4 **A11.** For several reasons, Duke and its proposed ESP III provide a unique and timely opportunity
5 to test in a discrete competitive market the convenience of Enroll From Your Wallet. First,
6 a pilot program can confirm the convenience to shopping customers of the Enroll From
7 Your Wallet program. Second, a pilot will add another benefit to Duke’s ESP III for
8 purposes of the ESP v. MRO test. Third, a pilot will create the kind of hard data on the
9 benefits and issues of Enroll From Your Wallet that can give the Ohio Market Development
10 Working Group actual field data to evaluate the original idea and suggest improvements. In
11 other words, a pilot program in Duke’s service territory is a place to test theories before the
12 Market Development Working Group considers Enroll From Your Wallet on a statewide
13 basis.

14 **Q12. How would Enroll from Your Wallet Benefit Customers?**

15 **A12.** Enroll From Your Wallet removes the logistical burden of enrollment from the customer and
16 places those responsibilities with the CRES provider and the utility. Obtaining and
17 transcribing a 15-20 digit identifier could be more efficiently processed by CRES providers
18 and utilities. Too often, customers seeking to enroll with a CRES provider make mistakes
19 when attempting to transcribe the account number, resulting in a failed enrollment. This then
20 results in further action required by the customer, the CRES provider and sometimes the

1 utility to complete the transaction the customer desires. Enroll From Your Wallet will
2 decrease these mistakes, and at minimum relieve customers of this administrative process.

3 **Q13. How would the Enroll From Your Wallet work?**

4 **A13.** From the RMI process, I am aware that Duke has an advanced and secure data portal system
5 operating today that may be used (with little modification) to implement the interface
6 between the certificated CRES provider and the utility to exchange the utility account
7 number for the pilot program. The concept is that the retail customer will give the CRES
8 provider (a) authorization to obtain the utility account number from Duke, and (b) a personal
9 code such as the customer's driver license number or personal fact – of the customer's
10 choosing. The CRES provider will then go on the existing Duke web portal, check the entry
11 menu stating the CRES provider has authority including the verification code to receive the
12 utility account number. Duke's portal will then permit the CRES to obtain the utility
13 account number. The CRES provider will maintain the records of authorization, executed
14 contract and the personal code. If later there is a slamming claim or dispute, the CRES
15 provider must produce all the verification documents.

16 **Q14. How does RESA propose going forward?**

17 **A14.** Further details about an Enroll From Your Wallet program pilot certainly will need to be
18 considered and the informational system experts at Duke consulted. RESA suggests that the
19 Commission establish a working group composed of the Staff, Duke, RESA, the

1 Consumers' Counsel and other interested stakeholders to meet, discuss and complete the
2 details for the pilot within 6 months of a Commission Opinion and Order in these
3 proceedings, including an identifier or set of identifying data that is unique to a particular
4 customer and yet is easy to remember. The detailed Enroll From Your Wallet program pilot
5 should then be presented to the Commission for final review and approval before the pilot
6 begins.

7 Following pilot approval, Duke would prepare and submit a report to the
8 Commission on a quarterly basis, detailing the customer enrollment processes used,
9 customer feedback about the enrollment processes used, customer shopping levels, and any
10 slamming allegations/incidents.

11 **MARKET ENERGY PROGRAM**

12 **Q15. Can you describe your second recommendation, the MEP?**

13 **A15.** MEP is a program designed to introduce new and eligible, existing customers to a specific
14 competitive generation product. The new and eligible customers will be those residential
15 and small commercial customers who are not currently receiving service from a CRES
16 provider in Duke's service territory and who call Duke's call center for any reason other
17 than termination or emergencies. The competitive product will be a three percent discount
18 to the applicable Price-to-Compare ("PTC") at the time of enrollment for a 6-month period.

1 **Q16. Please tell us more about how the MEP works.**

2 **A16.** The details of this program are:

- 3 • If the customer expresses interest in the offered product and desires a specific
4 supplier, Duke will process an enrollment on the MEP rate for that supplier. If the
5 customer expresses interest in the offered product and has no desired CRES supplier,
6 a CRES supplier from the list of participating CRES suppliers will be assigned
7 sequentially to serve that customer pursuant to the terms of the program.
8
- 9 • New customers who call Duke and choose to participate in the MEP will be enrolled
10 with a CRES supplier immediately.
11
- 12 • Moving, existing customers who call Duke and choose to participate in the MEP will
13 be switched after 1 month on the default service.
14
- 15 • Duke will be required to create a process or system that can sequentially assign a
16 participating MEP supplier in a non-biased manner. Duke will process enrollments
17 via a standardized input built for the MEP, and process the enrollment as it would
18 any other enrollment. Duke should be required to work with participating CRES
19 providers to develop the details so that the billing information is exchanged for both
20 rate-ready and bill-ready billing formats.
21
- 22 • At any time during the six-month term the customer can elect to go with another
23 CRES provider, choose a different product with the same supplier or take the
24 standard service offer without a termination fee. If at just prior the expiration of the
25 six-month term the customer has not chosen a product, the MEP provider would be
26 required to send renewal notices in a manner consistent with applicable Commission
27 rules.
28
- 29 • Customers can leave the program to take another competitive product or return to
30 default service without a termination fee during the program, or while on a renewal
31 product with a MEP provider, stemming from MEP service.

32

1 **Q17. What are the benefits of the MEP?**

2 **A17.** The benefits of the MEP include: (a) promotion of competition and supplier diversity, and
3 (b) more education of customers about competition and the new role Duke plays with
4 competitive suppliers, and (c) customers receive a discounted energy product.

5 **Q18. What are the requirements for CRES suppliers to participate in the MEP?**

6 **A18.** CRES suppliers will be eligible if they meet the following five (5) requirements:

- 7 1. The CRES supplier must be certificated by the Commission and be in good standing.
- 8
- 9 2. The supplier must be registered to serve residential and small commercial customers
10 in the Duke service territory.
- 11
- 12 3. The CRES supplier must be in full compliance with Duke's financial security
13 requirements.
- 14
- 15 4. The CRES supplier must complete all Electronic Data Interchange ("EDI") testing
16 with Duke.
- 17
- 18 5. The CRES supplier must apply, complete the MEP participation form, and submit
19 the MEP form to both the Commission and Duke.

20 **Q19. Can CRES providers come and go from the MEP?**

21 **A19.** Yes. CRES providers can enter and exit the program on a quarterly basis. However, CRES
22 providers must provide Duke notice of participation seven (7) business days before the start
23 of each quarter in which they want to participate and notify Duke seven (7) business days
24 before the end of the current quarter that they do not plan on participating in the subsequent
25 quarter. If a CRES supplier chooses to leave the MEP for an upcoming quarter but still has

1 customers on the MEP product, the CRES supplier must serve the customers remaining on
2 the MEP in a manner consistent with program requirements and Commission rules.

3 **Q20. How do you propose that the cost of MEP be handled?**

4 **A20.** Cost recovery is proposed to occur as follows: Duke, after consultation with the CRES
5 suppliers who express interest in participating in the MEP program, shall submit a MEP
6 start-up and maintenance plan with estimated costs to the Commission for review and
7 approval. The Commission will establish a per-enrolled customer charge at a level that will
8 recoup the MEP estimated start-up costs amortized over a 3-year period, as well as ongoing
9 program maintenance costs. If the per-enrolled customer charge exceeds \$25.00, the
10 Commission can extend the amortization period. Participating CRES providers will incur
11 the approved charge for every customer that enrolls through the MEP and will be invoiced
12 on a monthly basis. Duke can petition the Commission to adjust the per-enrolled customer
13 charge on a prospective basis once during the first 6 months after the program is established
14 and, then, on an annual basis thereafter up to the \$25.00 cap.

15 **Q21. Are there stated goals for the MEP?**

16 **A21.** Yes. The MEP is designed to do the following;

- 17 • Provide customers who have not otherwise participated in the CRES market, access
18 to a competitive product that has been approved and sanctioned by the PUCO.
- 19
- 20 • Offer an introduction to competitive products at a guaranteed discount to the default
21 service price.
- 22

- 1 • Promote competition and supplier diversity.
- 2
- 3 • Educate customers about competition and the new role Duke plays with their trusted
- 4 suppliers.
- 5

6 **Q22. What else does RESA recommend for the MEP?**

7 **A22.** Further details about the MEP should be worked out as well. RESA suggests that the
8 Commission establish a working group (composed of Staff, Duke, RESA, Consumers'
9 Counsel, and other interested stakeholders) to meet, discuss and complete the details for the
10 MEP within 6 months of a Commission order in these proceedings. The final MEP plan
11 should be developed by Staff with Staff discretion after attempting consensus with the
12 stakeholder group. The detailed MEP should then be presented to the Commission for final
13 review and approval.

14 **Q23. Should Duke and the Commission evaluate the use and effectiveness of the MEP**
15 **towards accomplishing the stated goals?**

16

17 **A23.** Yes, after MEP is implemented, Duke should submit reports to the Commission on a
18 quarterly basis, detailing CRES provider and customer participation levels. Also, the
19 Commission should host an annual stakeholder process to review the program, assess its
20 effectiveness against the stated goals, and promulgate any necessary changes to the program
21 on a prospective basis.

22 **Q24. Is there any other such program in place in other competitive retail electric markets?**

23

24 **A24.** Yes, this type of program has been launched or is being developed by each utility in
25 Pennsylvania as a result of an Order by the Pennsylvania Public Utility Commission in its

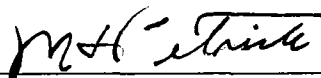
1 investigation into Pennsylvania's retail electricity market. As part of their filed Default
2 Service Plan (Pennsylvania PUCO Docket number P-2014-2417907), the PPL utilities are
3 proposing to extend their previously approved customer referral program, citing the success
4 of the program. In PPL's service territory, if an eligible customer calls and is interested in
5 the program, a third-party call center processes the calls. As of April 2014, 66,100 calls
6 were fielded by the third party. Of those calls 56,600 customers, or 86% of the callers, have
7 selected the competitive service under the PPL referral program, the majority of which are
8 new or moving customers.

9 **Q25. Does this conclude your testimony?**

10 **A25.** Yes, but I respectfully reserve the right to present any additional testimony if necessary.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case (those individuals are marked with an asterisk below). In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 26th day of September 2014 upon all persons/entities listed below:



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Case No(s). 14-0841-EL-SSO, 14-0842-EL-ATA

Summary: Testimony Direct Testimony of Dwayne R. Pickett electronically filed by M HOWARD PETRICOFF on behalf of Retail Energy Supply Association