

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Power Company to Initiate Phase 2 of its)	Case No. 13-1939-EL-RDR
gridSMART Project and to Establish the)	
gridSMART Phase 2 Rider)	

**REPLY BRIEF OF
DIRECT ENERGY SERVICES, LLC AND DIRECT ENERGY BUSINESS, LLC**

I. INTRODUCTION

The Stipulation in this case creates opportunities for customers to take full advantage of the possibilities offered by smart grid technology. The signatory parties, as well as one non-signatory party in the Retail Energy Supply Association, agree that the Stipulation enhances the competitive market in Ohio by allowing competitive retail electric service (CRES) providers to broaden the scope of products they are able to offer. The stipulation does not *require* customers to do anything. It merely provides a means to give them more options.

The Ohio Consumers' Counsel (OCC) and Ohio Partners for Affordable Energy (OPAЕ) continue to argue that customers, or at least non-CRES customers, should not be expected to share the costs of these improvements. They argue that only customers who take advantage of the products offered should be expected to pay for them, even though the technology and the savings are available to the vast majority of customers. These arguments fall short and do not stand up against the reasonable determination, as laid out in the Stipulation, that shared costs are the most appropriate method of paying for this technology.

II. ARGUMENT

A. OPAЕ misinterprets the testimony regarding pre-paid products.

OPAЕ argues that pre-paid metering service is unlawful in Ohio (but cite no statute or other authority to support this assertion) and that any attempt by the gridSMART Collaborative to ascertain whether and how best a pre-paid metering program could work in the state should be eliminated from the Stipulation. (OPAЕ Br. at 9-10.)

OPAЕ's position should be rejected. First, the Stipulation merely contemplates the possibility of a prepaid metering pilot, it does not require it. (Jt. Ex. 1, Stipulation at 12.) Second, OPAЕ assumes that any pilot program would include waiver of existing laws. (OPAЕ Br. at 9.) This suggestion is nowhere in the Stipulation and has not been mentioned in testimony. The

discussion of such a pilot program will involve all members of the gridSMART Collaborative, and any concerns over legality will be discussed at that time.

OPAE suggests that the prepaid program Direct Energy¹ employs in Texas is mandatory, based on Direct Energy's determination of a customer's creditworthiness. (*Id.*) This is untrue. Because of the way the energy market works in Texas, retail suppliers are able to require a deposit to initiate service, much like utilities and CRES providers are able to do here in Ohio. If a customer chooses, he or she may be placed on a prepaid program as a way to satisfy creditworthiness, but the prepaid program is not an obligation for any customer. Similarly, no such obligation would be placed on customers in Ohio if a prepaid program were implemented here. Prepaid programs would simply provide another option for customers.

OPAE also assumes that any prepaid program implemented in Ohio would replicate the program Direct Energy currently employs in Texas. (*Id.*) This assumption is unsupported by the record. Nowhere in Direct Energy's testimony does it suggest that any product offered in Ohio, be it prepaid or something else, must mirror programs offered in other states. Each state has its own laws and regulations, and any programs offered in each state would comply with those laws and regulations. Direct Energy is not advocating a one-size-fits-all approach.

B. CRES customers should not bear sole cost responsibility for technology that will benefit and is available to all customers.

OCC argues that it is unjust and unreasonable for residential customers to bear the costs of the web portal that will enable customers to take advantage of time-of-use (TOU) products developed and offered by CRES providers. (OCC Br. at 27.) OCC would rather CRES providers, and by extension the customers of those CRES providers, be forced to pay an additional charge simply to allow access to a customer's own data. Customers who actively engage in the

¹ Collectively, Direct Energy Services, LLC and Direct Energy Business, LLC.

competitive market, and who take advantage of the products offered to take control of their energy usage, should not be punished for doing so.

OPAE also takes issue with the fact that customers will bear the costs of the web portal, and instead asks the Commission to require CRES providers (and again, by extension, CRES customers) to pay for the web portal and “other infrastructure investments required to implement TOU rates.” (OPAE Br. at 11-12.) Once again, OPAE assumes facts not in the record, and provides no support for its assertions. OPAE states that “[t]ime-of-use rates are appropriate only for customers who are willing and able to purchase certain equipment and appliances” for these products. (*Id.* at 11.) Nowhere in the record does Direct Energy, AEP Ohio, or any other signatory party suggest that customers will be required to purchase additional equipment in order to take advantage of TOU products offered either by the utility or a CRES provider. In fact, AEP Ohio currently provides the equipment necessary for customers to participate in TOU programs offered by the utility. (Tr. I at 113-116). The availability of such equipment would be another topic of discussion for the TOU transition plan laid out in the Stipulation. (Tr. II at 268-269.)

OPAE also states, without support, that low-income customers cannot benefit from TOU rates, and that the “risks imposed” by TOU rate designs are “not acceptable for most customers, especially low-income customers.” (OPAE Br. at 11.) Why this is so, OPAE never says. OPAE’s assumption that low-income customers are not able to monitor and control their usage, for whatever reason, is not a sufficient argument to require only CRES customers to bear the costs of the TOU program.

III. CONCLUSION

With the implementation of smart grid technology, customers will have a wide range of cost- and energy-saving products available to them. Creating these products and adapting them to

the competitive market in Ohio requires the cooperation and collaboration of all of the stakeholders in the state, and it requires the understanding that the most effective way to ensure success is to share the costs. Customers throughout AEP Ohio's territory will have the chance to benefit from these products, so it is only reasonable that they be expected to share in the costs. Vague references to customers who may not benefit or who may choose not to participate in cost-saving programs are not sufficient reasons to force all costs onto customers who do engage in the competitive market. The Stipulation recognizes this and creates a mechanism to share the costs adequately. The Stipulation is reasonable and should be approved.

Dated: September 16, 2016

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Reply Brief was served by electronic mail this 16th day of September, 2016, to the following:

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Summary: Text Reply Brief electronically filed by Ms. Rebekah J. Glover on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC