

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1830-EL-AIR
 for an Increase in Its :
 Electric Distribution :
 Rates. :

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1831-EL-AAM
 for Accounting Authority. :

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1832-EL-ATA
 for Approval of Revised :
 Tariffs. :

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PROCEEDINGS

before Mr. Gregory Price and Ms. Patricia Schabo,
 Attorney Examiners, at the Public Utilities
 Commission of Ohio, 180 East Broad Street, Room 11-C,
 Columbus, Ohio, called at 10:00 a.m. on Monday,
 July 23rd, 2018.

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VOLUME I

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Monday Morning Session,
July 23rd, 2018.

- - -

EXAMINER SCHABO: The Public Utilities Commission of Ohio has set for hearing at this time and place Case Nos. 15-1830-EL-AIR, et al., being In the Matter of the Application of the Dayton Power and Light Company for an Increase in Its Electric Distribution Rates.

My name is Patricia Schabo. Gregory Price will be joining us when he's able. We're the Attorney-Examiners assigned by the Commission to preside over this hearing. Let's begin by taking appearances, starting with the company.

MR. SHARKEY: Thank you, your Honor. Jeff Sharkey and Chris Holland from the law firm Faruki, Ireland, Cox, Rhinehart & Dusing representing the Dayton Power and Light Company.

MR. SCHULER: Good morning. Mike Schuler, Regulatory Counsel for the Dayton Power and Light Company.

MR. PRITCHARD: Good morning. On behalf of the Industrial Energy Users of Ohio, Matt Pritchard with the law firm McNees, Wallace & Nurick, 21 East State Street, Columbus, Ohio 43215.

1 MR. HEALEY: Good morning. On behalf of
2 the Ohio Consumers' Counsel, I'm Christopher Healey.
3 Thank you.

4 MR. OLIKER: Good morning, your Honor.
5 On behalf of IGS Energy, I'm Joseph Oliker, also
6 entering an appearance for Michael Nugent, address
7 6100 Emerald Parkway, Dublin, Ohio 43016.

8 MR. WHITT: Good morning. On behalf of
9 the Retail Energy Supply Association, Mark Whitt and
10 Becky Glover from Whitt Sturtevant, 88 East Broad
11 Street, Suite 1590, Columbus, Ohio 43215.

12 MS. BOJKO: Good morning. On behalf of
13 Ohio Manufacturers' Association Energy Group,
14 Kimberly W. Bojko and Brian M. Dressel with
15 Carpenter, Lipps & Leland, 280 North High Street,
16 Suite 1300, Columbus, Ohio.

17 MS. WHITFIELD: Good morning. On behalf
18 of the Kroger Company, Angela Paul Whitfield and Ned
19 Dutton from the law firm of Carpenter, Lipps &
20 Leland.

21 MR. ALEXANDER: Trevor Alexander from
22 the law firm of Calfee, Halter & Griswold
23 representing the City of Dayton.

24 MR. MC NAMEE: On behalf of the Staff of
25 the Public Utilities Commission of Ohio, I'm Thomas

1 McNamee, the address is 30 East Broad Street, 16th
2 floor, Columbus, Ohio, 43215.

3 EXAMINER SCHABO: Thank you. Mr. Dove.

4 MR. DOVE: On behalf of the Natural
5 Resources Defense Council, Robert Dove, the Law
6 Office of Robert Dove, P.O. Box 13442, Columbus, Ohio
7 43213.

8 MS. FLEISHER: Madeline Fleisher on
9 behalf of the Environmental Law and Policy Center, 21
10 West Broad Street, 8th floor, Columbus, Ohio 43215.

11 MS. LEPPLA: Good morning, your Honor.
12 Miranda Leppla on behalf of the Ohio Environmental
13 Council and Environmental Defense Fund, 1145
14 Chesapeake Avenue, Suite I, Columbus, Ohio 43212.

15 MS. MOONEY: On behalf of Ohio Partners
16 for Affordable Energy, I'm Colleen Mooney.

17 MR. BORCHERS: Good morning. On behalf
18 of the Ohio Hospital Association, Dylan Borchers and
19 Devin Parram, with the law firm of Bricker & Eckler,
20 100 South Third Street, Columbus, Ohio 43215.

21 EXAMINER SCHABO: Thank you.

22 MR. BOEHM: Good morning. On behalf of
23 the Ohio Energy Group, Kurt Boehm, Mike Kurtz, and
24 Jody Kyler Cohn with the law firm of Boehm, Kurtz &
25 Lowery.

1 MS. HARRIS: Carrie Harris from the law
 2 firm Spilman, Thomas & Battle on behalf of Wal-Mart
 3 Stores East LP, and Sam's East, Inc.

4 EXAMINER SCHABO: Anybody else? All
 5 right. Thank you all. As I mentioned,
 6 Attorney-Examiner Price has been delayed, so we'll
 7 take a short break. Please go off the record.

8 (Discussion off the record.)

9 EXAMINER PRICE: Let's go on the record.
 10 Mr. Sharkey, you may call your first witness.

11 MR. SHARKEY: Thank you, your Honor.
 12 The Dayton Power and Light Company calls Barry
 13 Bentley to the stand.

14 EXAMINER PRICE: Mr. Bentley, do you
 15 swear to tell the truth, the whole truth, and nothing
 16 but the truth?

17 MR. BENTLEY: I do.

18 EXAMINER PRICE: Please be seated and
 19 state your name and business address for the record.

20 THE WITNESS: My name is Barry Joe
 21 Bentley, and my business address is 1900 Dryden Road,
 22 Dayton, Ohio.

23 EXAMINER PRICE: Please proceed.

24 - - -

25

1 Barry J. Bentley,
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Sharkey:

6 Q. Mr. Bentley, do you have before you a
7 copy of the Supplemental Direct Testimony of Barry J.
8 Bentley?

9 A. Yes, I do.

10 Q. Do you have any corrections or updates
11 to that testimony?

12 A. I do not.

13 Q. If I were to ask you the same questions
14 that you were in this testimony, would you give me
15 the same answer?

16 A. I would.

17 MR. SHARKEY: Thank you, Mr. Bentley.
18 Your Honor, DP&L would designate Mr. Bentley's
19 testimony as DP&L Exhibit 2, and Mr. Bentley is
20 available for cross-examination.

21 EXAMINER PRICE: It will be so marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 EXAMINER PRICE: Mr. Pritchard?

24 MR. PRITCHARD: No questions.

25 EXAMINER PRICE: Mr. Healey?

1 MR. HEALEY: Nothing, your Honor.

2 EXAMINER PRICE: Ms. Bojko?

3 MS BOJKO: No.

4 EXAMINER PRICE: Ms. Whitfield?

5 MS. WHITFIELD: No thank you, your
6 Honor.

7 EXAMINER PRICE: Honda of Dayton?

8 MR. ALEXANDER: No thank you, your
9 Honor.

10 EXAMINER PRICE: Mr. Oliker, do you or
11 Mr. Whitt -- either care to go first?

12 MR. OLIKER: I can go first, your Honor.

13 EXAMINER PRICE: Mr. Oliker.

14 MR. OLIKER: Before I start, since we're
15 now on the record, I would like to voice the
16 objection to the simultaneous hearings.

17 It is our belief that this hearing could
18 have waited two or three days given the limited
19 amount of witnesses, but we understand that that has
20 already been ruled upon. Just trying to restate the
21 objection for the record.

22 EXAMINER PRICE: I have to admit,
23 Mr. Oliker, Ms. Schabo and I discussed this while we
24 were coming downstairs.

25 If you had asked last week at the

1 prehearing conference on the record for a couple of
2 days, we might have taken that under consideration.
3 We were kind of looking at each other, you know, but
4 you never actually said can we wait until Wednesday.

5 MR. OLIKER: I thought we did, your
6 Honor.

7 EXAMINER PRICE: No, I don't think you
8 actually asked if you could delay the hearing. And
9 if you had, I would probably have accommodated. But
10 we're all here now, so your objection is noted for
11 the record. Please proceed.

12 - - -

13 CROSS-EXAMINATION

14 By Mr. Oliker:

15 Q. Morning, Mr. Bentley.

16 A. Good morning.

17 Q. My name is Joe Oliker with IGS Energy.
18 How are you?

19 A. Great. How are you?

20 Q. Just a few questions today. Let's start
21 with your background. Am I correct that until 2014
22 you were employed by Indianapolis Power and Light or
23 one of its affiliates?

24 A. Technically I am employed by
25 Indianapolis Power and Light. Obviously I report

1 back as part of our parent company AES, but
2 officially I am an Indianapolis Power and Light
3 employee, and then I get allocated back out to the
4 other subsidiaries.

5 Q. Prior to 2014 did you provide any
6 services to Dayton Power and Light?

7 A. Prior to 2014? Yeah, from about mid
8 2013 to 2014 I led the Asset Management Group for the
9 U.S. for AES that included asset management for
10 Dayton Power and Light on the T&D side of the
11 business, as well as the generation side of the
12 business. So the answer would be yes, from an asset
13 management perspective.

14 Q. Okay. So maybe I can restate the
15 question.

16 Prior to the AES Corporation's
17 acquisition of Dayton Power and Light, you had no
18 responsibilities for DP&L?

19 A. That is correct.

20 Q. And prior to 2014, much of your
21 experience related to power plant management and fuel
22 procurement?

23 A. Not necessarily. I've spent about 30
24 years in my career in the utility industry, largely
25 with Indianapolis Power and Light.

1 I would say about 40 percent of my
2 career has been on the generation side of the
3 business, 60 percent on the transmission and
4 distribution side of the business.

5 So the reality is over the certain years
6 I have fairly broad operational engineering
7 construction experience in both T&D and generation,
8 but largely more in T&D these days.

9 Q. Okay. And prior to 2014, on the
10 customer service side, your experience was largely
11 limited to industrial customers?

12 A. No, that's not correct. It would have
13 been -- customer service side across for Indianapolis
14 Light would have been all customers, both
15 residential, commercial and industrial.

16 In terms of my customer -- actually, the
17 Customer Service Group reported to me at IPL prior
18 to, really, mid 2013.

19 Q. What is your definition of Customer
20 Service Group?

21 A. So when I think about that in terms of
22 what the -- kind of the front office side of this in
23 terms of calls into the contact center, so our
24 customer service representatives.

25 And also from the standpoint some of the

1 back office activities as well from a customer
2 service perspective. But that would have been for
3 residential, commercial and industrial across the
4 board.

5 Q. And what years were you in that role?

6 A. I'm not sure specifically, but I will --
7 I will hazard that I took over the transmission and
8 distribution office at IPL back in 2008, roughly
9 March of 2008. That would have been mainly
10 transmission and distribution without customer
11 service.

12 About a year later, probably in 2009 --
13 I'm not a hundred percent sure, but around 2009 I
14 would have taken over including customer service
15 during that time, and so it would have been
16 transmission, distribution, and customer service at
17 that time.

18 Q. So am I correct though that your
19 testimony reflects that in 2008 you transitioned from
20 generation supply to Vice-President of Power
21 Delivery?

22 A. That is correct. That would have been
23 really the transmission and distribution
24 organization.

25 Q. And your testimony doesn't mention any

1 change in 2009, does it?

2 A. It was kind of a just a reorganization
3 where customer service was reporting to a different
4 area, and then aligned in my organization in 2009.
5 So I wouldn't say a broad reorganization, it was more
6 just a realignment back then in 2009.

7 Q. Okay. And since 2009 -- I just want to
8 make sure I get the dates correct. In mid 2013 you
9 started to become involved in the acquisition of the
10 DP&L assets, correct?

11 A. Mid 2013 I believe is -- the acquisition
12 had already kind of taken place, and I was
13 actually -- I was running kind of the transmission
14 and distribution organization for Indianapolis Power
15 and Light prior to that.

16 During kind of the, I guess acquisition,
17 I was still focused on transmission, distribution and
18 customer service for Indianapolis Power and Light.

19 In mid 2013, after the acquisition, I
20 transitioned from that T&D role to an asset
21 management role for about a little over six months.
22 Then came back in 2014 to lead the transmission and
23 distribution organizations for both IPL and DP&L as
24 part of the parent for AES.

25 Q. Okay. And after -- in 2014 when you

1 assumed that new role related to DP&L, how much of
2 your time was focused in Ohio?

3 A. I would say roughly about 50 percent of
4 my time is focused on both Ohio and Indiana, so
5 roughly 50 percent.

6 Q. And do you allocate time separately to
7 both entities?

8 A. Did I allocate time? So the way
9 actually the -- I believe the accounting works, since
10 I'm technically an IPL employee, as part of our
11 allocation process 50 percent of my time then gets
12 reallocated back to Dayton Power and Light.

13 So ultimately a hundred percent as part
14 of the accounting, and then 50 percent of that gets
15 allocated back to Dayton Power and Light.

16 Q. Can you walk me through a little more
17 how that process works?

18 A. Counselor, that entire process, I'm not
19 that familiar with. I leave that to the accountants,
20 and I'm just not that familiar. I put essentially
21 here are the cost codes and the areas defined, and
22 then I let that process happen. I'm not that
23 familiar with that process.

24 Q. And so you get one paycheck?

25 A. I do get one paycheck, that is correct.

1 Q. Okay. And would you say that it's safe
2 to assume that Dayton Power and Light's proposed
3 distribution rate recovery in this proceeding will
4 provide a contribution to your salary?

5 A. Counselor, I'm not sure I really
6 understand how -- how that accounting really works.
7 And I focused really on the operation side, the
8 transmission/distribution. I'm not that familiar
9 with how that gets allocated, how that works. I
10 really am not.

11 Q. Okay. And for purposes of this
12 proceeding -- maybe one or two more questions on
13 that.

14 Do you submit time sheets?

15 A. Do I submit time sheets? I have an
16 administrative assistant that does that for me
17 that -- yes. It goes through an oracle system, so
18 the answer is yes.

19 Q. And do those time sheets track which
20 entity you're providing services to on a day-to-day
21 basis?

22 A. I don't know that I'm a hundred percent
23 sure, but I believe the way it works is that, again,
24 it -- my time sheets go in as -- as part of an IPL
25 time sheet, and then it gets reallocated back to

1 Dayton Power and Light, is the way I believe it's
2 handled.

3 Q. And do you know if those time sheets
4 track which entity you're working for on an hourly
5 basis?

6 A. They do not. Basically my time is one
7 of those where it -- I have a broad range of
8 responsibilities, and then it gets allocated
9 between -- 50 percent between IPL and DP&L.

10 Q. And would you agree that customer
11 service is an extremely important part of any
12 customer's experience with electricity service?

13 A. I would agree it's fundamental to us
14 providing service to our customers.

15 Q. And would you agree that CRES -- first,
16 do you know what a CRES provider is?

17 A. Yes, I'm familiar.

18 Q. Would you agree that customer service
19 between a CRES provider and their customers is also
20 an integral part of that service?

21 A. Well, I would assume that that's, you
22 know, an integral part of the CRES provider as well,
23 and ultimately for us, you know, serving our
24 customers at DP&L. Whether they are on a Standard
25 Service Offering, or being provided from a CRES

1 provider is important to us.

2 Q. And would you agree that customer
3 engagement is also an important part of retail
4 electric service?

5 MR. SHARKEY: Objection. Vague.

6 EXAMINER PRICE: Did you understand the
7 question?

8 THE WITNESS: Could he rephrase, please?

9 EXAMINER PRICE: Could you give a little
10 more detail on what you define as customer
11 engagement, please?

12 MR. OLIKER: Sure.

13 By Mr. Oliker:

14 Q. Would you agree that one of the
15 components of customer service is engagement with
16 customers?

17 A. I would agree whether that engagement is
18 direct engagement with customers through the call
19 center, whether it's a variety of different ways that
20 we serve our customers.

21 EXAMINER PRICE: Mr. Bentley, you're a
22 little bit of a low talker. If you could try to
23 project so the court reporter and the people could
24 hear you.

25 MR. MC NAMEE: Is it on?

1 MR. OLIKER: Move it up closer.

2 EXAMINER PRICE: Let's go off the
3 record.

4 (Discussion off the record.)

5 EXAMINER PRICE: Back on the record,
6 please.

7 MR. OLIKER: Is there a pending
8 question?

9 EXAMINER PRICE: I don't believe so.

10 MR. OLIKER: Okay.

11 By Mr. Oliker:

12 Q. To follow up, you just mentioned the
13 call center is one of the points of customer
14 engagement, correct?

15 A. That is correct.

16 Q. And you are responsible for supervising
17 DP&L's call center; am I correct?

18 A. So technically today I am not. So we
19 had a reorganization earlier in the year where the
20 customer service organization now reports into
21 Stakeholder Management.

22 So during my initial testimony and
23 during the process, customer service did report to
24 me, but currently does not.

25 Q. And what was the entity it reports to

1 now?

2 A. Really the Stakeholder Management Group.
3 That was a change that happened with a reorganization
4 early in the year.

5 Q. And what was the date of the
6 reorganization?

7 A. I don't know specifically. It would
8 have been roughly February of this year.

9 Q. And who runs that division?

10 A. So the direct person over that is Ramón
11 Luzio, and he reports to Craig Jackson who is the
12 President and CEO of Dayton Power and Light and
13 Indianapolis Power and Light.

14 Q. You did, however, provide responses in
15 discovery to the Staff regarding the call center,
16 correct?

17 A. That is correct. And during that time
18 frame the call center and customer service did report
19 to me at that time.

20 Q. And going back to the importance of
21 customer service, are you familiar with the term
22 "customer care"?

23 A. I am, yes.

24 Q. Would you agree that that is similar to
25 customer service?

1 A. Well, I would say they are both kind of
2 broad terms, so I think you would define -- you know,
3 customer service can be a broad range of things,
4 whether you're, you know, customer service as in a
5 call center responding to customers that call in,
6 could be other related activities in terms of just
7 providing, you know, reliable service to our
8 customers.

9 Customer care could be a variety of
10 different -- so in terms of they have kind of broad
11 definitions.

12 Q. Customer care could include things like
13 bill inserts or notices as well, correct?

14 A. I suspect they could. It could be --
15 customer care could be a variety of different things.
16 For us, customer care could be ensuring that we turn
17 the power back on when it's out.

18 Q. And DP&L is in fact rated each year by
19 J.D. Power regarding things like customer service and
20 customer care, correct?

21 A. That is correct. It's their J.D. Power
22 service, but yes.

23 Q. If you know, are suppliers such as IGS
24 rated by J.D. Power for the same categories?

25 A. Honestly, I do not know.

1 Q. And you are familiar with the phone
2 system utilized by Dayton Power and Light, correct?

3 A. I would say I'm generally familiar. In
4 terms of the specifics of that phone system, I
5 probably -- I don't do any programming and that, but
6 I'm generally familiar, yes.

7 Q. And are you familiar with the term
8 "Interactive Voice Response"?

9 A. The IVR? Yes, I am.

10 Q. What does that mean?

11 A. So it's technology that allows customers
12 or others to call in to initially the customer
13 service area, and it provides the opportunity for
14 customers to be able to select what area that they
15 would like to -- to go into. So it's kind of a
16 front-end system for call center technology.

17 Q. And am I correct that DP&L implemented
18 the IVR process around April of 2017?

19 A. That's -- yeah, that's correct. We
20 actually put in new technology in that time frame,
21 that is correct.

22 Q. And were you involved in the design of
23 or implementation of the new IVR system?

24 A. Yeah, even though I would oversee
25 customer service at that point in time, I did not get

1 into the details in terms of any specifics around the
2 detail of the IVR system, so I didn't -- I didn't go
3 in and wasn't part of the detailed design of the IVR,
4 and the specific requirements of that.

5 Q. What about the categories that a
6 customer could select from the IVR options?

7 A. I didn't specifically -- you know, I
8 wasn't specifically a part of those items. I think,
9 generally, the people that were in charge of that
10 were looking for the broad categories of what
11 customers actually call into the call center for, but
12 I was not involved with identifying specifically what
13 of those IVR -- different specific areas.

14 Q. So I understand, you did not have input
15 into why -- well, let's take one more step back.

16 Would you agree that under the IVR
17 process that was implemented in 2017, there are five
18 categories that a customer can select for IVR
19 options?

20 A. Yes, I believe the five items are
21 outage, billing payment, start and stop service,
22 electric choice, and to be able to talk to an agent.

23 Q. And you were not involved in the
24 selection of those five categories, correct?

25 A. You know, even though I would oversee

1 customer service, I didn't get into the details of
2 designing the IVR system; no, I did not.

3 Q. Do you know who was involved in that
4 decision?

5 A. It would have been a variety of
6 different people within the customer service
7 organization. It would have included the folks from
8 the regulatory, so there would be a broad group.

9 I don't know specifically names, but
10 there would have been a broad group of people
11 involved with designing that. There was -- one
12 specific lead over that technology was a guy named
13 Jerry Marshburn.

14 Q. Jerry Marshburn?

15 A. Uh-huh.

16 Q. Do you know any other names that you can
17 recall?

18 A. So ultimately at the end of the day
19 there would have been several. Lena Brown would have
20 been a part of that. She was leading customer
21 service during about that time frame, just prior to
22 that.

23 Leah Brown would have been involved.
24 Angeline Mendoza, Kathy Hatten. There would have
25 been a broad group of people that were involved with

1 designing the IVR system.

2 Q. What about Sharon Schroder?

3 A. I don't know specifically. I'm sure
4 people from the regulatory group were involved. I
5 don't know specifically if Sharon was involved.

6 Q. All right. And just so I understand the
7 process, the customer calls into the DP&L contact
8 center, they would be offered a -- instead of
9 pressing a number on a phone, they would be offered a
10 list of five categories they could say out loud?

11 A. I believe -- I'm not specific, but I
12 think they have the option to be able to do either
13 one, I believe.

14 Q. Okay. And in addition to the categories
15 that a customer can select, would you agree that the
16 call center is capable of making reports?

17 A. There's a variety of reports that come
18 out of the call center, the customer service area,
19 that is correct.

20 Q. And those reports are for internal use,
21 correct?

22 A. I would say largely, probably yes. I
23 suspect there are some other uses, but probably
24 largely more internal use, that is correct.

25 Q. And how are those reports tracked? Is

1 there a code?

2 A. Yes. Specifically I'm not aware of the
3 specific code, per se, I don't get in -- necessarily
4 into the detail. I see some of those reports, I
5 don't see all of them. I'm not sure necessarily how
6 they are all generated.

7 Q. And one example of what those reports
8 may include are things like agent performance work
9 card, correct?

10 A. That would be correct.

11 Q. And are you familiar with the term
12 "Electric Security Plan"?

13 A. I'm familiar with the term, that is
14 correct.

15 Q. And were you involved in Dayton Power
16 and Light's last electric security plan case, which
17 was 16-395?

18 A. I was not.

19 Q. And are you familiar with the
20 Stipulation and Recommendation that was entered in
21 that case?

22 A. No, I'm not. I was not a party to that
23 Stipulation agreement, and I was not involved with
24 that.

25 Q. And are you familiar with the

1 Commission's order modifying and approving the
2 Stipulation in that case?

3 A. I would say generally, but not
4 specifically. You know, my focus is really more on
5 the distribution side of the business, transmission
6 and distribution, and so I focus more heavily on the
7 operation side of that. But I'm generally aware, but
8 not specifically.

9 Q. What is your general familiarity with
10 that Stipulation?

11 A. I would say ultimately -- can you be a
12 little bit more specific? I mean, it's a pretty
13 broad Stipulation, and I'm not sure I -- that's a big
14 area, and I'm not sure exactly I'm that familiar with
15 those -- all of the details, put it that way.

16 Q. From a high level -- because I don't
17 want to ask you about portions that you're not
18 familiar with, I'm trying to figure out which
19 sections of that Stipulation you might have
20 familiarity with.

21 A. Yeah, I would say very little areas. So
22 ultimately I just was not a party to that
23 Stipulation. And frankly, in terms of -- of the
24 outcome of that, I wasn't heavily involved. I was
25 more focused on the transmission/distribution side of

1 the business.

2 Q. Have you heard of, or are you familiar
3 with, a portion of that Stipulation that indicated
4 there would be an evaluation in this proceeding of
5 costs that may relate to the Standard Service
6 Offering?

7 A. I really don't have specific information
8 on it, so the answer is no, I really -- I don't know.

9 Q. So to be clear, you have not done any
10 personal analysis of any costs to propose for
11 recovery in distribution rates that may relate to the
12 provision of the standard service offer?

13 A. I have not done any analysis, I've not
14 done any detail work related to prices, costs, rates,
15 on that. All -- I focused more on the operation side
16 of the business for transmission/distribution, not
17 necessarily on -- on any of the pricing and
18 ratemaking side.

19 MR. OLIKER: I'm sorry, I think I heard
20 his answer, but could I have the Court Reporter read
21 that back?

22 (Answer read back.)

23 MR. OLIKER: Thank you.

24 By Mr. Oliker:

25 Q. To -- switching back to the rate case.

1 You submitted testimony in support of the initial
2 application as well, correct?

3 A. In terms of my initial testimony?

4 Q. Yes.

5 A. Yes, I did.

6 Q. And did you assist in any of the
7 functionalization or classification as -- costs as
8 distribution related?

9 A. So can you be a little bit more specific
10 on what you mean by "costs"?

11 Q. Are you familiar with -- first, you
12 understand how distribution rates are established
13 from a high level, correct?

14 A. That is correct.

15 Q. You agree there's a -- there's a capital
16 component and also an operation and maintenance
17 expense component, correct?

18 A. Yeah, there's a variety of -- of areas
19 that go into that. But yes, I'm aware.

20 Q. And did you help quantify the operation
21 and maintenance expense component that was proposed
22 for distribution rate recovery?

23 A. So my organization would have been part
24 of identifying, as part of the test year, costs
25 associated with -- with the operation of the

1 distribution side of the business and working with
2 both the regulatory and the finance organization, so
3 I would have had people within the organization
4 working to identify those costs.

5 Q. But am I correct, you did not
6 specifically undertake that analysis, it was people
7 within your organization?

8 A. That is correct.

9 Q. And jump around.

10 MR. OLIKER: Your Honor, may I please
11 approach?

12 EXAMINER PRICE: You may.

13 By Mr. Oliker:

14 Q. Mr. Bentley, I've placed a document in
15 front of you that contains some discovery responses
16 that DP&L provided to the Staff.

17 MR. OLIKER: Your Honor, I'd like to
18 mark this document as IGS Exhibit 1.

19 EXAMINER PRICE: It will be so marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 By Mr. Oliker:

22 Q. Mr. Bentley, would you agree that a
23 portion of these discovery responses were provided by
24 yourself?

25 A. I was actually not the witness assigned

1 to this, I had people within the organization to
2 prepare this information. I didn't prepare it
3 specifically, but it was under my direction.

4 Q. Okay. And do these responses appear to
5 be a true and accurate copy?

6 A. I believe they are, yes.

7 Q. And turning to, I believe it is
8 Attachment No. 7. Looking at No. 6 regarding the
9 call center, am I correct that the numbers reflected
10 in the table reflect instances where a customer
11 selected electric choice in the IVR process?

12 A. From 2015 to '17, that's my
13 understanding as well.

14 Q. And if we were to turn to No. 8 on
15 Attachment 8, am I correct that these numbers reflect
16 the total amount of IVR selections that customers
17 made?

18 A. Yeah, this appears to be the IVR option
19 for each month for 2017, from January through
20 October.

21 Q. Okay. And would you agree -- and so
22 that is not quite an entire year of data, right?

23 A. That is correct.

24 Q. Would you agree, subject to check, that
25 if we were to take the number in 2017, which

1 shows 29,921, and then divide it by that -- by the
2 sum of all of the numbers on No. 8, the percentage
3 would be about 1 percent?

4 A. I haven't done that math, so I would
5 have to, subject to check. I don't know, so I would
6 have to do that math.

7 Q. Would you agree, subject to check? You
8 could use a calculator, but --

9 A. Yeah, subject to check, I guess.

10 Q. And regarding the electric choice option
11 in the IVR system, would you agree that the Dayton
12 Power and Light call center does not provide
13 information to customers regarding any specific
14 retail electric product that is offered by a CRES
15 provider?

16 EXAMINER PRICE: Can I have the question
17 back, please?

18 (Question read back.)

19 THE WITNESS: So honestly, I'm not sure
20 exactly what -- you know, I know there's an electric
21 choice option. I don't know the specifics behind the
22 detail of -- of that option. I've not selected that
23 option, so I'm not aware of the -- of the detail
24 behind that.

25 By Mr. Oliker:

1 Q. And from DP&L's perspective, would you
2 agree that the role of the DP&L call center is not to
3 market or discuss specific CRES provider offerings?

4 A. Well, I would say that the role is for
5 our call centers to serve all of our customers, and
6 ultimately at the end of the day provide information
7 for our distribution customers, whether they are on
8 Standard Service Offering or from a CRES provider.
9 So it's really to answer and be a resource for
10 customers broadly at DP&L.

11 Q. So as it relates to the choice market,
12 you would agree that DP&L's role is more educational?

13 A. I don't know that I would agree with
14 that. I don't know the specifics behind, you know,
15 the -- that level of detail, so I don't know that I
16 would agree with that.

17 Q. Turning to Question No. 9, my first
18 question here, and this is also in the testimony, are
19 the statistics reflected in this table related to
20 concerns that relate to choice customers'
21 distribution service, or do they relate to concerns
22 that choice customers have regarding their CRES
23 service, if you know?

24 A. I believe that this is really broad
25 customer complaints for -- to the Better Business

1 Bureau and PUCO, so I think these are broad
2 complaints that would be listed from 2015 to 2017.

3 Q. And I just want to make sure I
4 understand your answer.

5 Are a portion of the complaints
6 identified on this table related to times when a
7 customer that is shopping with a CRES provider has a
8 concern about their distribution service?

9 A. I don't know specifically the detail
10 behind this.

11 Q. And if you know, when a customer has a
12 concern about their competitive retail electric
13 service and they are taking service from a CRES
14 provider, and there's a call to the DP&L contact
15 center, does DP&L refer that customer to their CRES
16 provider?

17 A. I specifically -- I do not know.

18 Q. On Table 9, what is the difference
19 between a PUCO complaint and a PUCO referral, if you
20 know?

21 A. My understanding, that complaint would
22 be something that would come in directly. And
23 something that would be in terms of referral would be
24 coming -- when the PUCO sends that customer back to
25 DP&L. So one would be more of a direct avenue, one

1 would be coming from the PUCO.

2 Q. And so I understand, it's the direct
3 outlet from the customer to DP&L that you refer to in
4 PUCO complaints?

5 A. Could you say the question again,
6 please?

7 Q. I'm trying to make sure I understand.
8 You mentioned a direct outlet. And my question is
9 what is the direct path from the customer to DP&L?
10 Is that what you were saying?

11 A. That is correct. If we have customers
12 that -- that are -- you know, there's a complaint.

13 Q. And am I correct that you have also
14 provided information to the Staff regarding
15 collections and disconnections, Mr. Bentley?

16 A. Yes.

17 Q. And would you agree that DP&L's
18 collection and -- Strike that.

19 Would you agree that DP&L's collection
20 process is actually starting at the very first point
21 of contact with the customer?

22 A. I don't know that I know what you mean
23 by the first point of contact with the customer.

24 Q. Would you agree that -- I'm trying to be
25 sensitive because I believe there's a confidential

1 collection policy that I'm trying not to cite to
2 directly.

3 A. That's right.

4 Q. Would you agree that when the customer
5 first enrolls with DP&L, there is certain information
6 that DP&L collects?

7 A. Yes.

8 Q. And some of that information may provide
9 the foundation for a later collection attempt?

10 A. Yeah, I don't know necessarily what data
11 we would -- initial data, so I'm a little confused in
12 terms of what data you're talking about. And I know
13 you're trying to be sensitive, but I'm a little
14 confused to what data you're talking about.

15 MR. OLIKER: Just so I don't cross the
16 line on confidentiality, maybe I can defer some of
17 those questions to later, recognizing I don't think
18 they are confidential, but I don't want to cross the
19 line.

20 EXAMINER PRICE: Thank you.

21 By Mr. Oliker:

22 Q. And are you familiar with the process of
23 submitting a customer's information to a collection
24 agency?

25 A. I am not familiar with that process.

1 Q. And you are familiar with the payment
2 priority process, correct?

3 A. Generally.

4 Q. And would you agree, for purposes of
5 disconnection, all utility charges are considered --
6 let me restate that, actually.

7 If you know, does DP&L's disconnection
8 policy differentiate between standard service offer
9 charges and distribution charges?

10 A. It's my understanding that as part of
11 the disconnect process, you know, for delinquent
12 accounts, we focus in on the security deposits and
13 reconnect fees, the CRES past due, the EDU past due,
14 and then we focus in on the current account.

15 So specific to whether it's a CRES
16 provider or SSO, I'm not familiar with, you know, the
17 reality, just more the data order for collection.

18 Q. Okay. Let's take that item there.
19 Let's first start with CRES charges. Would you agree
20 that if a customer doesn't pay CRES related charges,
21 that doesn't in itself result in a disconnection?

22 A. I don't know that I'm familiar exactly
23 how that -- whether it would be just the CRES or
24 whether it would be distribution, so I'm not familiar
25 exactly with that process.

1 Q. Okay. But you would agree that if a
2 customer doesn't pay its distribution charges, then
3 DP&L can disconnect the customer after following
4 certain protocols?

5 A. Well, to me it would be if the customer
6 is not paying, you know, regardless of whether it's
7 just distribution -- but if they are not paying, they
8 are delinquent on their account, we actually would
9 disconnect. So it wouldn't be just necessarily
10 distribution, but it would be a combination.

11 Q. Let me ask a hypothetical just so I
12 understand, see if we're on the same page.

13 If -- if a customer is -- first, would
14 you agree there is a threshold amount -- and I know
15 that amount is confidential, but would you agree
16 there's a threshold amount over which if the customer
17 does not pay, they may be disconnected after a
18 certain point in time?

19 A. That is correct.

20 Q. And in considering that disconnection,
21 do you know whether or not DP&L can consider CRES
22 related charges?

23 A. Well, it's my understanding that it's if
24 the customer is paying -- if they are delinquent on
25 that entire bill. So the reality is, you know,

1 it's -- it's the entire bill for the customer. Not
2 specifically just for the CRES or distribution, it's
3 the entire bill.

4 Q. Okay. So if the entire bill is \$120,
5 and -- watch, confidential now.

6 Let's just assume hypothetically --
7 let's pick an arbitrary number. Let's call it \$200
8 for the threshold.

9 If the customer owes \$180 in
10 distribution charges, and \$40 in CRES charges, which
11 brings it over the threshold, do you believe that
12 DP&L can disconnect that customer?

13 A. Counselor, in terms of -- well, I don't
14 get into a lot of hypotheticals, and I really don't
15 get into the specifics of our disconnect process, I
16 have people that do that within the organization. I
17 just don't get into that level of detail.

18 Q. You would defer it to a legal
19 conclusion, maybe?

20 A. To a legal conclusion?

21 Q. I'm trying to avoid --

22 MR. OLIKER: Your Honor, I'm trying to
23 avoid muddying the record.

24 EXAMINER PRICE: I appreciate that.

25 Mr. Bentley, are you familiar with the

1 way that Dayton would allocate a partial payment of a
2 customer's bill if it came in less than the full
3 amount?

4 THE WITNESS: Yes, I am, your Honor.

5 EXAMINER PRICE: Okay. And if a
6 customer paid less than the full amount, which bucket
7 gets paid first?

8 THE WITNESS: So there would be fees,
9 disconnect fees associated at first. Then there
10 would be the delinquent -- you know, essentially the
11 past due from the CRES provider. Then it would be
12 the EDU portion of that, the past due, and then the
13 current EDU charges, and the current CRES charges.

14 EXAMINER PRICE: Thank you.

15 By Mr. Oliker:

16 Q. And the -- turning to question -- I
17 suppose it's response to Question 8 on Attachment 3.

18 A. Okay.

19 Q. The charge-offs that are reflected on
20 the 2015 shopping totals for residential, does that
21 reflect distribution charges or CRES charges, or both
22 distribution and CRES charges, if you know?

23 A. Could ask you that again, please?

24 Q. So turning to the table -- there's four
25 tables, and the third one down for 2015, shopping

1 totals. And I'm simply asking whether or not the
2 bottom line in that table for "res" -- first, would
3 you agree that relates to residential?

4 A. To me it looks like it -- it's not just
5 residential, it's really all customer classes.

6 Q. But the bottom where it says "res", does
7 that relate to residential?

8 A. I believe so.

9 Q. And my question is, the \$471,000 amount,
10 does that include only distribution related charges,
11 or does it also include distribution related charges
12 and CRES charges?

13 A. Well, it talks about the -- the
14 essentially nonpayment for electric charges, and
15 subsequently final bill and charge-off for those
16 shopping totals. So I'm not specifically aware of
17 what everything is in that \$471,000.

18 Q. Okay. But in an instance where a
19 customer is served by a CRES provider, would you
20 agree that after a final bill is issued to the
21 customer, and DP&L is unable to collect pursuant to
22 the normal payment process from the customer, then
23 DP&L remits the unpaid invoice related to the CRES
24 charges to the CRES provider?

25 A. I don't know that specific process in

1 that detail. I do not.

2 Q. And to your knowledge, DP&L is not
3 seeking to continue to try to collect for CRES
4 related charges after a customer has been
5 disconnected, correct?

6 A. I'm not aware of the specific charges
7 that are being requested. I'm not familiar with
8 that.

9 Q. Okay. If we were to look at question --
10 or response to Question 8 in Attachment 3, do you
11 have any opinion or justification to explain the
12 large discrepancy between the residential shopping
13 totals in 2015 and 2016, and the non-shopping totals
14 for 2015 and 2016?

15 A. I do not have an opinion. I've not done
16 any analysis or evaluation of that. I'm not aware of
17 what those differences are.

18 Q. And if I were to turn you to
19 Attachment 4, which -- and Response No. 9, there
20 are -- there are two categories here of course,
21 non-shopping and shopping, correct?

22 A. Correct.

23 Q. And these are the separate number of
24 disconnection notices that DP&L sent, correct?

25 A. That's my understanding, that is

1 correct.

2 Q. And there are -- would you agree that
3 the disconnect notices to shopping customers is
4 significantly lower by a factor of two to three?

5 A. It appears from that, but I don't know
6 necessarily what makes up the reasoning -- the
7 difference between the two, but -- based upon the
8 information. But I'm not aware of why that -- that
9 is.

10 Q. If DP&L was only permitted to disconnect
11 a customer for failure to pay distribution related
12 charges, would that explain why shopping customers
13 would have a lower amount of disconnection notices?

14 A. I obviously do not know.

15 EXAMINER PRICE: Mr. Oliker, do you have
16 a question?

17 MR. OLIKER: I do, your Honor. I was
18 trying to make sure I didn't fall asleep.

19 By Mr. Oliker:

20 Q. Turning to Question No. 5, which is
21 on -- I'm sorry, it's Response No. 5 on Attachment 2.
22 And are you familiar with the reconnection process or
23 disconnection process for residential customers?

24 A. I'm generally familiar with that.

25 Q. And in Response No. 5 there is a dollar

1 amount of \$50,000, \$70,000 that have ultimately been
2 returned to CRES providers, correct?

3 A. It appears so, yes.

4 Q. And what are the limited circumstances
5 in which a CRES provider could get a payment from
6 DP&L following the disconnection of a customer, if
7 you know?

8 A. Counselor, these were prepared from
9 people within the organization. I'm just not that
10 familiar with the specifics behind it.

11 Q. Do you know who prepared this response?

12 A. I do not. I had a broad group. I've
13 got a large organization, and I don't know
14 specifically who did it. We sent these responses
15 out, and ultimately there's a big group that were
16 providing this factual information.

17 Q. Are you familiar with the FERC Uniform
18 System of Accounts?

19 A. Generally, but I'm an electrical
20 engineer and not an accountant, so I'm generally
21 familiar, but not specifically.

22 Q. Are you familiar with the accounts that
23 record collections expenses?

24 A. Generally, but not specifically.

25 Q. And you're familiar with the difference

1 between a charge-off and an overhead expense,
2 correct?

3 A. I don't know necessarily what a
4 charge-off -- no, so I'm not sure what a charge-off
5 really is.

6 Q. All right. So in Question No. 8 -- or
7 Response No. 8 in Attachment 3 where it says, "Please
8 see below the number of customer accounts that were
9 disconnected for non-payment of electric charges and
10 subsequently final billed and the charged-off
11 dollars..." How are you using charged-off dollars in
12 this statement?

13 A. Well, I don't know that I'm specifically
14 aware of it. Generally, I think the charge-off would
15 be, you know, dollars that were charged off because
16 they -- we were not going to get a payment for that.

17 Q. So I think there's another way to come
18 at this.

19 Would you agree that after attempting to
20 collect a receivable, sometimes DP&L has to give up,
21 it simply can't collect the money, right?

22 A. Well, I think we go through a lot of
23 different avenues to be able to try to collect that,
24 so it's not necessarily just giving up, but
25 ultimately we do a lot to try to recover those costs.

1 Q. But if ultimately DP&L cannot collect
2 that receivable, it has to be written off?

3 A. Ultimately at some point in time, it
4 would be.

5 Q. And so that would ultimately sum up to a
6 dollar amount, right?

7 A. Yes.

8 Q. And we would call that a bad debt
9 expense?

10 A. It would be essentially, yes.

11 Q. And would you agree that that dollar
12 amount, which is the amount of receivable that you
13 cannot collect, is a different number than the
14 overhead expense related to trying to collect that
15 receivable?

16 A. Yeah, I wouldn't know necessarily the
17 specifics between the two. I don't go in that well
18 of detail.

19 Q. And for purposes of this case, were you
20 involved in identifying the cost information
21 contained in the application or supported by the
22 Stipulation related to DP&L's overhead expense to
23 collect outstanding receivables?

24 A. So I wasn't involved at all with the
25 Stipulation, and I wasn't a party to the Stipulation

1 at all, so I was not.

2 Q. What about the application?

3 A. Not specifically. I'm sure we had
4 people in the organization supporting that, but I
5 wasn't specifically.

6 MR. OLIKER: If I can have one minute,
7 your Honor.

8 (Pause.)

9 By Mr. Oliker:

10 Q. Would you agree that for purposes of
11 collecting receivables from customers, DP&L has IT
12 and software that it utilizes?

13 A. We have a broad range of technology for
14 a variety of different reasons, and specifically in
15 terms of, you know -- and I don't know specifically
16 the related technology to do that. We have a broad
17 range of technology across the company to serve
18 customers.

19 Q. Would you agree that it has technology
20 for purposes of its collection activities?

21 A. And what specific -- we have a broad
22 range of technology. What specific technology? You
23 know, we have technology for our disconnect personnel
24 that go out to provide that service, so we have a
25 broad range of technology. What specifically are you

1 talking about?

2 Q. Would you agree that DP&L has to keep
3 track of specific customer information like Social
4 Security numbers or names, addresses, et cetera?

5 A. We have to be able to take -- so we have
6 technology to capture that information.

7 Q. And you also have to be able to track
8 the level of outstanding receivables, correct?

9 A. I'm sure that's correct. I'm not in the
10 accounting side of the world, so I don't do that, but
11 we have technology, I'm sure, that does that,
12 obviously.

13 Q. And those costs would be either
14 capitalized or considered expenses, correct?

15 A. Again, I'm not the -- I'm not the
16 accounting witness, so the reality is I'm not sure
17 how that is accounted for.

18 Q. Are you familiar with the term "purchase
19 of receivables"?

20 A. Generally.

21 Q. Would you agree that Dayton Power and
22 Light does not purchase the receivables of CRES
23 providers?

24 A. Again, I don't know the specifics of our
25 policy there.

1 Q. In the event that DP&L does not purchase
2 the receivables of CRES providers, would you agree
3 that CRES providers would have to undertake their own
4 collection activities?

5 A. Again, I can't opine on that. I don't
6 know specifically. Honestly, I do not know the
7 process.

8 Q. And regarding the IVR process, would you
9 agree that it is a common practice to utilize IVR
10 within the utility industry?

11 A. I would say yes, it is a common practice
12 across the -- a lot of different industries, not just
13 the utility industry.

14 Q. Do you live in Indiana, or Ohio?

15 A. I live in Indiana, but I spend about two
16 days a week in Ohio. So I spend a fair amount of
17 time in Ohio as well as Indiana.

18 Q. Are you shopping for your electricity?

19 A. Am I shopping for my electricity in
20 Ohio?

21 Q. Yes.

22 A. No, I am not.

23 Q. Have you ever shopped for electricity?

24 A. Specifically at the retail level, no, I
25 have not. Obviously I spent a fair amount of time in

1 the generation side of the business in terms of
2 interest, so I'm aware of the -- you know, the energy
3 accounting and energy side of the business, but I've
4 not shopped for electricity in Indiana.

5 Q. Okay. But you -- would you agree that
6 CRES providers may have IVR processes?

7 A. I don't know specifically. I would
8 assume they probably do, but I honestly do not know
9 if they do or not.

10 Q. Do you know, is it an expensive process
11 to implement?

12 A. So in terms of defining expensive, I
13 lead a large organization in the
14 transmission/distribution, so what may be expensive
15 to others may -- so would you define what you mean by
16 expensive?

17 Q. Well, would you agree -- would you
18 expect a competitive retail electric service provider
19 to have to incur several million dollars to operate a
20 call center?

21 A. Honestly, I don't know necessarily what
22 it takes for utility providers to serve customers. I
23 know what it takes on the distribution side of the
24 business for us to be able to serve our customers.

25 I'm not -- I never worked in the

1 competitive -- in the retail environment, I'm not
2 sure what it takes. I just realize what it takes to
3 serve our customers on the distribution side of the
4 business.

5 Q. And are you familiar with what is known
6 as the schedules that support the application in this
7 case?

8 A. Generally, but not specifically. I
9 don't spend a lot of time focusing on the schedules
10 and kind of ratemaking side, I focus more on the
11 operations side.

12 Q. Did you review any of them?

13 A. The schedules?

14 Q. Yes.

15 A. Not specifically at all.

16 Q. Not specifically, or not at all?

17 A. Really not at all. You know, glancing
18 through I may have flipped through, but did not
19 intently read. The answer is no.

20 Q. So you didn't prepare any of the data on
21 any of the C schedules or B schedules?

22 A. I may have had people within my
23 organization that supported that activity, but I did
24 not, and I'm not aware of who did it.

25 Q. And you aren't responsible for signing

1 off on the reasonableness of the any of the costs on
2 the B schedules or C schedules?

3 A. That's not my area of responsibility.

4 Q. Who -- if you know, who's responsibility
5 would that be?

6 A. I'm not sure specifically. I'm assuming
7 it's in the regulatory side of the business, but I'm
8 not aware specifically who that is. I'm sure there's
9 a broad group of people that are responsible from
10 that, and also the financial side of the business.

11 Q. Would Nathan Parke be one of those
12 people? Hoping?

13 A. He could be. He's in the regulatory
14 group. I don't know specifically if he did that or
15 not.

16 Q. What about Sharon Schroder?

17 A. She's in that organization as well. I'm
18 not sure specifically. Again, it was probably a
19 large group of people that supported that activity.

20 Q. And if you know, when a customer
21 commences service with Dayton Power and Light Company
22 for the first time, are they required to take the
23 SSO?

24 A. I'm not sure I specifically know if they
25 are required. I don't know the process, necessarily,

1 to do that. I think they have the option to do that,
2 but I don't know if they are required to do that.

3 MR. OLIKER: If I could have one minute,
4 your Honor, I might be --

5 EXAMINER PRICE: You may.

6 (Pause.)

7 MR. OLIKER: Just a few more questions,
8 your Honor.

9 EXAMINER PRICE: Please proceed.

10 By Mr. Oliker:

11 Q. Mr. Bentley, where does the call center
12 for DP&L physically reside?

13 A. The call center resides at the Dryden
14 location.

15 Q. Where is the -- Dryden, you said?

16 A. Uh-huh.

17 Q. Where is the Dryden location?

18 A. It's in -- south of, really, Dayton,
19 just about probably five miles south of downtown
20 Dayton at our service operation center.

21 Q. And this may be confidential, but do you
22 know how many people are in it? Is that
23 confidential?

24 EXAMINER PRICE: It's not confidential?

25 MR. SHARKEY: Not confidential.

1 EXAMINER PRICE: Please proceed.

2 THE WITNESS: I don't know specifically.

3 I would say there's probably in the range of, you
4 know, probably 700 DP&L folks, 700 folks at the
5 operation center, and then there will be additional
6 contractors, of course, so it's going to be several
7 hundred at that location.

8 By Mr. Oliker:

9 Q. And do you know, do those individuals
10 provide services to any other entities besides DP&L,
11 such as, for example, IPL?

12 A. So we -- we have some -- some folks that
13 have shared responsibility. So a good example in my
14 asset group for T&D, I've got people that focus in on
15 both asset management for DP&L and IPL, so they are
16 located at the Dryden location but doing support
17 activities broadly across the organization.

18 So we will have some what are called
19 operational shared personnels focused in on
20 standards, efficiency, process across both
21 organizations.

22 Q. And do you know how -- do they get one
23 paycheck, do you know?

24 A. I'm assuming they do. I don't believe
25 they get multiple paychecks.

1 Q. And do you know how they keep track of
2 their time?

3 A. Very similar to that where they identify
4 their percentage of time that they would allocate to
5 DP&L, and then how much would be allocated to IPL
6 based upon their activities.

7 Q. But it's not on an hourly basis, is it?

8 A. In some cases further in the
9 organization it could be down to the hourly in
10 projects. So it actually could be down to that level
11 of detail potentially.

12 Q. Is it typically by the hour for the call
13 center?

14 A. For the call center -- now the reality
15 is for the call center -- the call center personnel,
16 they would be specifically for DP&L at the Dryden
17 location, so there wouldn't necessarily be any shared
18 folks in the call center, per se, that's focused in
19 on both. So they would be based upon hourly there at
20 the DP&L.

21 Q. Okay. So let's take a step back to make
22 sure the record is clear.

23 Earlier when you were talking about
24 individuals that may have had shared
25 responsibilities, they were not call center

1 individuals, were they?

2 A. I was talking more -- Yes, I was talking
3 about people with within the organization,
4 transmission/distribution organization, that do share
5 functions.

6 There are some folks within customer
7 service, some leadership that has shared
8 responsibility, but within the call center they are
9 focused on DP&L.

10 Q. Okay. And what I think you said is
11 there are several individuals that allocate their
12 time between different functions similar to yourself
13 within the Dryden area, correct?

14 A. I would say not several. There would be
15 probably in the range of 10 to 20 of the 600 or 700
16 folks that -- so it's not a -- it's not several
17 individuals, it's going to be a small portion, but
18 the answer is yes.

19 Q. And would you agree that there are many
20 customers of DP&L that actually don't call the call
21 center at all?

22 A. I don't know specifically, but I would
23 assume there are some customers that don't call the
24 call center.

25 And a good example, during a storm we

1 traditionally have about 10 percent of the people
2 that the lights are out, calling us to let you know
3 the lights are out. So, you know, during the storm
4 when you would think the lights were out you'd have
5 more customers calling, we traditionally do not.

6 Q. And do you know if any of the customers
7 that have their power go out happen to be shopping,
8 call their CRES provider?

9 A. I don't know specifically, but I'm
10 assuming they are going to call DP&L, would be my
11 assumption. But I don't know if they are calling the
12 CRES provider.

13 Q. Okay. And when a CRES provider's
14 customer has a concern about their CRES service, and
15 they call DP&L, does DP&L transfer that call to the
16 CRES provider? Do they actually physically help
17 transfer the call?

18 A. I don't know specifically how they --
19 how that process works, whether the call center
20 transferred that call. I honestly just don't know.

21 (Pause.)

22 MR. OLIKER: Thank you, Mr. Bentley.
23 Those are all the questions I have. Thank you, your
24 Honor.

25 EXAMINER PRICE: Thank you. Mr. Whitt?

1 MR. WHITT: No questions, your Honor.

2 EXAMINER PRICE: Mr. McNamee?

3 MR. MC NAMEE: No thank you, your Honor.

4 EXAMINER PRICE: Mr. Sharkey, redirect?

5 MR. SHARKEY: No redirect, your Honor.

6 EXAMINER PRICE: All right.

7 Mr. Bentley, you're excused.

8 THE WITNESS: Thank you, your Honor.

9 (Witness excused.)

10 MR. SHARKEY: Your Honor, Dayton Power
11 and Light Company would move for the admission of
12 DP&L Exhibit 2.

13 EXAMINER PRICE: Any objections to the
14 admission of DP&L Exhibit 2?

15 MR. MC NAMEE: No objection, your Honor.

16 EXAMINER PRICE: It will be admitted.

17 (EXHIBIT ADMITTED INTO EVIDENCE.)

18 MR. OLIKER: Your Honor, IGS would move
19 for the admission of -- well, I hesitate to do this.
20 I think for now we will withhold whether or not we
21 would like to move that exhibit into the record
22 depending on further cross-examination.

23 EXAMINER PRICE: I understand. Thank
24 you. Okay. At this time we'll take a five-minute
25 break before we have our next witness. We are off

1 the record.

2 (Lunch recess from 11:50 to 1:45.)

3 EXAMINER SCHABO: Mr. Sharkey, your next
4 witness?

5 MR. SHARKEY: Yes, your Honor. The
6 Dayton Power and Light Company would call Sharon
7 Schroder to the stand.

8 EXAMINER SCHABO: Do you swear that the
9 testimony you're about to give is the truth?

10 MS. SCHRODER: Yes.

11 EXAMINER SCHABO: Have a seat and give
12 your name and business address.

13 THE WITNESS: My name is Sharon
14 Schroder, and my business address is 1065 Woodman
15 Drive, Dayton, Ohio 45432.

16 EXAMINER SCHABO: Thank you.
17 Mr. Sharkey.

18 - - -

19 Sharon R. Schroder
20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Sharkey:

24 Q. Ms. Schroder, do you have before you a
25 copy of the testimony of Sharon R. Schroder in

1 support of the Stipulation and Recommendation?

2 A. Yes.

3 Q. Do you have any corrections or updates
4 to that testimony, Ms. Schroder?

5 A. Yes, I have several updates. Each of
6 the updates has to do with a Supplemental Stipulation
7 that was filed on July 12th between the company and
8 the City of Dayton.

9 The first update I have is on page 5.
10 Beginning on Line 11, it should strike the word "and"
11 just before, "three state-wide organizations of large
12 industrial customers." And the addition is a comma,
13 "and the City of Dayton."

14 The next addition is on page 7. First
15 addition is on line 17, where the sub bullet is
16 No. 7, "provide direct benefits to members of a
17 state-wide organization representing local
18 hospitals," "and to the City of Dayton" is the
19 addition.

20 And then on line 18 it should strike the
21 word "and" just prior to No. 9, and at the end of
22 No. 9 it should read, "avoid further costs of
23 litigation;" and No. 10, "provide shareholder funding
24 to the Gift of Power program."

25 I have similar additions on page 15. On

1 page 15, line 15, the additions on line 15 should now
2 read, "the Stipulation and the Supplemental
3 Stipulation further protect", strike the "s" there,
4 "at-risk populations through a reduced customer
5 charge," insert, "and additional shareholder funding
6 to the Gift of Power program."

7 And then the last addition is the
8 following line, 17. At the end of that sentence it
9 should read -- the beginning of the prior line,
10 "waives the contract capacity charge related to
11 redundant service for the local hospitals in DP&L's
12 service territory and for the City of Dayton." Those
13 are all the additions.

14 Q. With those additions, Ms. Schroder, if I
15 asked you the same questions would you provide the
16 same answers as are in your testimony in support of
17 the Stipulation?

18 A. Yes, I would.

19 MR. SHARKEY: Your Honor, the Dayton
20 Power and Light Company would designate
21 Ms. Schroder's testimony as DP&L Exhibit 1, it would
22 designate the Stipulation and Recommendation in this
23 case, I believe, as Joint Exhibit 1, the Supplemental
24 Stipulation and Recommendation that Ms. Schroder
25 mentioned as DP&L/Dayton Exhibit 1, and then finally,

1 your Honor, Exhibit 4 in the binders that I have
2 provided to you is a copy of the proofs of
3 publication pursuant to 4909.19 of the Ohio Revised
4 Code, and we designate that as DP&L Exhibit 4. And
5 with that, your Honor, Ms. Schroder is available for
6 cross-examination.

7 EXAMINER SCHABO: And we will mark those
8 exhibits as indicated.

9 (EXHIBITS MARKED FOR IDENTIFICATION.)

10 MS. WHITFIELD: Can I clarify? Just --
11 didn't you name Exhibit 1 --

12 MR. SHARKEY: It was Exhibit 2, just
13 because of how I put it in the binders already.

14 MR. MC NAMEE: What is 3?

15 MR. SHARKEY: 3 is not going to be used.

16 EXAMINER SCHABO: Mr. Pritchard?

17 MR. PRITCHARD: I have no
18 cross-examination, your Honor.

19 EXAMINER SCHABO: Mr. Healey?

20 MR. HEALEY: No cross. Thank you.

21 EXAMINER SCHABO: Any counsel other than
22 Mr. Whitt and/or Mr. Oliker?

23 MR. WHITT: I believe Mr. Oliker is
24 going to have cross. I may have some followup,
25 but probably not. So if we could just wait for

1 Mr. Oliker. But I'd like to reserve the right based
2 on his cross to also ask a few follow-up questions.

3 EXAMINER SCHABO: Okay. Understood.
4 All right. At this point then we'll take a short
5 break and wait for Mr. Oliker. Let's go off the
6 record.

7 (Recess taken.)

8 EXAMINER SCHABO: Mr. Oliker?

9 - - -

10 CROSS-EXAMINATION

11 By Mr. Oliker:

12 Q. Good afternoon, Ms. Schroder.

13 A. Good afternoon.

14 Q. Just a few questions for you today. I
15 understand you are supporting the Stipulation in this
16 case?

17 A. Yes, that is correct.

18 Q. And are you responding to any objections
19 to the Staff Report of Investigation?

20 A. No, I don't believe I'm directly
21 responding to any objections, I'm just directly
22 supporting the Stipulation.

23 Q. And you're relying upon the Staff for
24 that purpose?

25 A. Relying on the Staff -- I didn't hear

1 that part.

2 Q. Are you relying on the Staff for that
3 purpose?

4 MR. SHARKEY: I'm going to object, your
5 Honor. It's really a legal question, it's not a
6 question for a fact witness.

7 EXAMINER SCHABO: Did you understand the
8 question?

9 THE WITNESS: No, I wasn't clear when
10 you said I'm relying on the Staff. I didn't
11 understand the end of the question.

12 MR. OLIKER: I think she might even say
13 that in her testimony, actually.

14 EXAMINER SCHABO: I'll overrule it for
15 now.

16 MR. SHARKEY: Thank you, your Honor.

17 EXAMINER SCHABO: Let's see where he's
18 going. Do you have a rephrase question, or question
19 for the witness, please?

20 MR. OLIKER: Sure.

21 By Mr. Oliker:

22 Q. Were you involved in the preparation of
23 the Application in this case?

24 A. No, I wasn't involved in the preparation
25 for the original Application. I assumed my role, my

1 current role, actually the day that the Application
2 was filed.

3 I've since then been in my current role
4 and oversee the department that did put together the
5 Application, and have been involved in overseeing the
6 responses to the interrogatories, data requests, and
7 the settlement that I support.

8 Q. And did you review the schedules that
9 were attached to the application?

10 A. Yes, I have reviewed them at a high
11 level.

12 Q. And are you offering any testimony to
13 support the reasonableness of any of the costs that
14 are proposed for recovery through the distribution
15 rates?

16 A. I don't directly support any of the
17 detailed support of those costs, just the costs that
18 are -- that ultimately are included as part of the
19 Stipulation and the resulting rates and the pieces
20 that are supported here in the Stipulation.

21 Q. Did -- are you aware that many of the
22 costs proposed for recovery through distribution
23 rates are a subset of a larger amount of costs
24 incurred at the parent company level?

25 A. I'm aware that the company did a cost of

1 service analysis and used the services of an expert
2 witness to do a cost-of-service study that would
3 analyze the different types of costs that the company
4 incurs, and allocate certain ones that are defined as
5 distribution and others that were excluded from the
6 case.

7 Q. And were you involved in that analysis?

8 A. No, I was not.

9 Q. And you are not testifying to support
10 that analysis?

11 A. Not directly, just the outcome that
12 includes that as the base support.

13 Q. And are you an accountant?

14 A. No, I'm not.

15 Q. And are you testifying regarding the
16 FERC Uniform System of Accounts?

17 A. Not specifically. There are elements of
18 the Stipulation that refer to the FERC System of
19 Accounts, and from that regard I'm supporting that.

20 Q. Is that the DCI provisions --

21 A. The DIR.

22 Q. Sorry. Wrong one.

23 And are you an expert on the FERC
24 Uniform System of Accounts?

25 A. No, I wouldn't consider myself an expert

1 on those accounts.

2 Q. And are the FERC Uniform System of
3 Accounts approved by FERC, if you know?

4 A. I assume that they were defined and
5 approved by FERC, yes.

6 Q. And are they publicly available?

7 A. Yes, they are.

8 MR. OLIKER: Your Honor, would we be
9 able to take administrative notice of the FERC
10 Uniform System of Accounts just so the parties may
11 cite to them without running afoul of evidentiary
12 rules?

13 I think it's a publicly available
14 document on the FERC's website that parties could
15 usually freely cite, but I don't want to raise any
16 eyebrows if that would come up in the briefing
17 process.

18 EXAMINER SCHABO: Any objections to the
19 suggestion?

20 MR. HEALEY: I would just ask that the
21 link be provided so we all know exactly what document
22 we're talking about, and not potentially Googling and
23 getting different results or something. But subject
24 to that, no issues.

25 MR. OLIKER: I'm happy to send it

1 around. We did that in the Duke case as well.

2 EXAMINER SCHABO: If you could include
3 the Attorney-Examiners, that would be great.

4 MR. OLIKER: Of course, your Honors.

5 EXAMINER SCHABO: So yes, the answer to
6 your question is yes, we can take administrative
7 notice of that as provided.

8 MR. OLIKER: Thank you, your Honor.

9 By Mr. Oliker:

10 Q. Are you sponsoring -- your testimony
11 addresses how demand rates for commercial customers
12 are established -- actually, let me rephrase that.

13 Your testimony addresses the customer
14 charge, correct?

15 A. It does in as much that we have
16 negotiated a settlement that includes a customer
17 charge, yes.

18 Q. And are you familiar with the way demand
19 charges for commercial/industrial customers are
20 established?

21 A. Yes.

22 Q. And is it based upon the highest usage
23 within a month?

24 A. It's a little bit more specific than
25 that, but we have in our distribution tariffs a

1 specific way that demand is measured and used for
2 billing demand.

3 Q. And if you can, can you provide that
4 more specific methodology?

5 A. Are you referring to the methodology of
6 the billing demand?

7 Q. Yes.

8 A. Sure. Without having the specific
9 language in front of me, it's referenced in our
10 distribution related tariffs, and there's a
11 comparison of three different types of measurements
12 of demand, and one of those is selected depending on
13 the month, so that there's a comparison there, a
14 minimum set demand.

15 Q. Okay. And are you familiar with how the
16 distribution grid is planned?

17 A. At a very high level, yes.

18 Q. And is that based on the highest peak
19 usage on a distribution circuit?

20 A. No, it's my understanding that it's
21 generally planned based on individual large customers
22 at noncoincident peak demand.

23 Q. But when you're constructing a
24 distribution circuit, is it planned based upon what
25 you believe the peak will be on that circuit?

1 A. I don't know.

2 Q. Okay. And you also testified in DP&L's
3 ESP case, correct?

4 A. Yes.

5 Q. And there was a Stipulation in that
6 case, correct?

7 A. Yes, there was.

8 Q. And you would be familiar with that
9 Stipulation?

10 A. Yes, I am.

11 MR. OLIKER: Your Honor, may I approach,
12 please?

13 EXAMINER SCHABO: Yes, you may.

14 MR. OLIKER: And I'd like to mark the
15 Amended Stipulation and Recommendation from case
16 16-0395-EL-SSO, et al., as IGS Exhibit 2.

17 EXAMINER SCHABO: So marked.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 By Mr. Olikier:

20 Q. And, Ms. Schroder, does the document
21 that's marked as IGS Exhibit 2 appear to be the
22 Amended Stipulation from the DP&L ESP case?

23 A. Yes, that is what it looks like, yes.

24 Q. And it appears to be a true and accurate
25 copy?

1 A. I can accept that it is. I haven't
2 flipped through all the pages.

3 Q. Take more time if you need to
4 familiarize yourself with it.

5 A. That's okay. I have a copy with me as
6 well.

7 Q. Now, turning to page 9, category d. It
8 indicates that in DP&L's filed distribution rate case
9 there will be an evaluation of costs contained in
10 distribution rates that may be necessary to provide
11 standard service offer service.

12 And regarding this component of the
13 Stipulation, are you testifying to support the
14 analysis that's identified in the Stipulation?

15 A. Can you repeat that, please?

16 Q. Sure. Is your testimony offered to
17 relate to this analysis that we just referred to from
18 the Amended Stipulation?

19 A. No, it's not specifically related to
20 that.

21 Q. Okay. And have you undertaken the
22 analysis identified in division d?

23 A. I personally haven't done any analysis,
24 but an evaluation of costs as is documented there on
25 page 9, section d, evaluation of the costs contained

1 in the distribution rates that may be necessary to
2 provide standard service offer service, that
3 evaluation was completed by the Staff.

4 They did ask the company several
5 questions, as we also received several
6 interrogatories that had questions that related to
7 the evaluation. Under my direction, members of my
8 staff did do an evaluation and responded to those
9 data requests and interrogatories.

10 Q. Okay. And you personally, just so we're
11 clear, did not perform that analysis, correct?

12 A. I did not.

13 Q. Who on your staff performed that
14 analysis?

15 A. There were a number of people on my
16 staff that would respond to these data requests, and
17 worked closely with some of the accountants, and also
18 others that are involved in the case.

19 I don't know of anyone specifically, but
20 it was with my oversight that there was an evaluation
21 done, and it was determined that all of the services
22 that were being requested in relation to this
23 evaluation were part of the distribution costs of the
24 utility, and so no further detailed cost-of-service
25 study was -- didn't seem accurate -- wasn't needed,

1 so it wasn't necessary.

2 Q. Okay. Going back to the question of
3 costs necessary to provide standard service offer
4 service, would you agree that DP&L never attempted to
5 isolate those costs with the SSO?

6 A. No, that's not accurate. We -- the team
7 did do an evaluation in an attempt to try to find any
8 costs that might be contained in distribution and
9 rates that might be necessary to provide the standard
10 service offer, and the result of that evaluation by
11 the company was that there weren't any of those such
12 costs.

13 All transmission and generation related
14 costs were excluded from our cost-of-service study,
15 and all of the support and all of the costs involved
16 at the distribution company are part of the
17 distribution rates, and all of the amounts are
18 related to distribution service regardless of whether
19 certain customers take standard offer service or
20 whether those customers take service from a CRES.

21 Q. And you made a legal determination to
22 that effect, did you not?

23 A. No, I did not.

24 Q. And who on -- was it Nathan Parke that
25 made that analysis, or somebody else?

1 A. Can you repeat that?

2 Q. Was it Nathan Parke that undertook that
3 analysis, or somebody else?

4 A. It was not necessarily an analysis. I
5 wouldn't agree that it's a detailed cost-of-service
6 study analysis, it wasn't a cost causation study,
7 because we determined that wasn't necessary to
8 complete.

9 The evaluation was done by your Witness
10 Hess. There was an evaluation which we don't agree
11 with, but there was an evaluation done by Witness
12 Smith from the Staff, and there was an evaluation
13 done by our company in providing the answers to the
14 interrogatories that were related to that.

15 And in that evaluation, what we
16 determined was that all those costs were distribution
17 related, and didn't -- weren't dependent on the fact
18 of the type of service that the distribution
19 customers were taking for generation.

20 Nathan may have been part of that study.
21 There were others on the team, on the regulatory
22 team, and others in other parts of the company that
23 were involved in that evaluation.

24 Q. And who else besides Nathan would have
25 been involved in that?

1 A. In the evaluation, or the legal
2 determination that you were referring to?

3 Q. Both, as opposed to -- you can take them
4 one at a time.

5 A. Nathan would not have been involved in
6 any legal determination, but Nathan Parke would have
7 been involved in the review of the regulatory part.

8 Q. Anybody else besides Nathan?

9 A. I can't think of anyone else
10 specifically.

11 Q. And earlier when you said you classified
12 costs as distribution, you're not contesting that you
13 have proposed for recovery, through distribution
14 rates, costs that relate to the provision of SSO
15 service?

16 A. Can you repeat that?

17 (Question read back.)

18 THE WITNESS: No, I would contest that.
19 I would say that the costs that are in -- supported
20 to the distribution rates are distribution costs, not
21 costs related to the SSO service.

22 We have distribution related costs, and
23 we don't track those separately, whether a
24 distribution customer is selecting a CRES or whether
25 that customer is selecting the SSO service, and so

1 those are the distribution related costs, and so they
2 are not further defined as anything separate from
3 that.

4 By Mr. Oliker:

5 Q. Maybe I can ask a different one.

6 If an SSO customer calls into the DP&L
7 call center and asks about their SSO rate, would you
8 agree that the distribution rate that's proposed in
9 this case would provide the salary for that call
10 center employee?

11 A. I don't know the level of detail of the
12 salaries of the call center reps to understand
13 exactly where it might be in our study.

14 Q. Where else does the DP&L call center
15 receive revenue besides the distribution rate, if you
16 know?

17 A. I don't know if there's other revenue
18 sources.

19 Q. Okay. Would you agree that DP&L has to
20 incur IT and software expenses to administer the SSO
21 product?

22 A. I don't know if our IT and
23 administrative costs are due to any particular
24 service that we provide. We do have IT costs in the
25 distribution company, but I don't know if it's for

1 one particular purpose or not.

2 We do have distribution costs that are
3 related to talking and supplying and providing
4 distribution service to our distribution customers
5 that select suppliers, and we also have distribution
6 costs and IT related costs related to the SSO, so
7 regardless which type of generation a customer
8 selects, we do have a distribution related cost that
9 includes IT.

10 MR. OLIKER: And, your Honor, I would
11 move to strike everything that followed her response
12 about the SSO service which was unrelated to my
13 question.

14 I believe the question was do you know
15 if they incur costs such as IT related to the
16 provision of the SSO service, and then there was a
17 lot of things after that.

18 MR. SHARKEY: I'd like to hear the
19 question and answer again, your Honor, if I could,
20 before I respond.

21 EXAMINER SCHABO: Yes, please.

22 (Record read back.)

23 MR. SHARKEY: I believe, your Honor,
24 Ms. Schroder is explaining the nature of the costs
25 that DP&L incurs as a distribution company in the IT

1 field and, you know, the answer is reasonably
2 responsive to the question posed by Mr. Oliker.

3 I'd also submit there's -- Mr. Oliker
4 suggested a place to cut off her answer, and I didn't
5 hear where that would possibly be within that answer.

6 MR. OLIKER: I just move to extract
7 after "I don't know".

8 EXAMINER SCHABO: I'm going to deny that
9 motion. I think she pretty much explained her
10 answer.

11 By Mr. Oliker:

12 Q. And turning back to -- are you familiar
13 with what is known as the B schedules?

14 A. The B --

15 Q. The B schedules.

16 A. Yes.

17 Q. And you did not validate any of the cost
18 information contained in the B schedules, correct?

19 A. No, I didn't personally validate
20 individual costs.

21 Q. And are you familiar with the term
22 fuctionalized, classified, and allocate?

23 A. Yes, I'm familiar with that.

24 Q. And you were not responsible for
25 functionalizing any of the costs that were assigned

1 to the DP&L distribution company service, correct?

2 A. Not personally, but as I mentioned
3 earlier, this cost-of-service study was done under my
4 direction in terms of the followup that was done
5 after the initial application, and any questions
6 related to that.

7 So I'm familiar with it, and familiar
8 with the responses that were -- that came to the
9 interrogatories that we received after the
10 application.

11 Q. You would agree that the cost-of-service
12 study was filed prior to the ESP Stipulation,
13 correct?

14 A. Yes, that is correct.

15 Q. And there was no update to the
16 cost-of-service study following the approval of the
17 ESP Stipulation, correct?

18 A. There was no official or formal update
19 to that cost-of-service study that was filed after
20 the ESP Stipulation.

21 Q. And have you reviewed Craig Smith's
22 testimony?

23 A. Yes, I have.

24 Q. And any of the responses that are
25 provided by Nathan Parke, is he the appropriate

1 witness for any of those responses, or are you -- are
2 there any instances on the attachments to Mr. Smith's
3 testimony where you would be the more appropriate
4 witness than Mr. Parke where his name might be
5 listed?

6 A. I'm looking at my attorney because I
7 understand that Witness Parke has a very narrow
8 focus, and so I don't want to speak out of turn about
9 what he might be responsible for versus me.

10 MR. SHARKEY: I'm not sure if you want
11 me to respond, your Honor, or not.

12 EXAMINER SCHABO: Answer the question to
13 the best of your ability.

14 By Mr. Oliker:

15 Q. And I'm asking you honestly whether you
16 think all of the categories that Mr. Parke is claimed
17 to be responsible for are really questions that would
18 be better suited for him, or if you want to change
19 your answer or anything.

20 A. I would say if he is the witness that is
21 responsible in an interrogatory, his name is tied to
22 it, he would be a better person to respond to it than
23 me.

24 Q. And likewise, Mr. Bentley is the more
25 appropriate witness to ask questions about the call

1 center?

2 A. To the extent it's related to these
3 interrogatories that were asked, or those data
4 requests that were asked with his name as the
5 responsible witness, yes.

6 (Pause.)

7 Q. And regarding the non-wires alternative
8 pilot program discussed in your testimony, would DP&L
9 be required to file an application to implement any
10 non-wires alternatives?

11 A. Can you point me to where you're
12 referring, please?

13 Q. Page 12?

14 A. I'm sorry, page 12 of the Stipulation,
15 or page 12 of my testimony?

16 Q. Of your testimony.

17 A. Okay. If you can repeat your question,
18 please.

19 Q. In order to implement a non-wires
20 alternative as contemplated by the Stipulation, would
21 DP&L have to file an application?

22 A. Yes, there are several requirements in
23 the Stipulation regarding the non-wires alternative,
24 certain deadlines and milestones, and one of them is
25 to -- if there is a plan, then we would have to

1 finalize that plan and file it and seek approval of
2 that plan.

3 Q. And the electric vehicle charging
4 infrastructure that your testimony refers to, that is
5 in front of the meter infrastructure, correct?

6 A. The infrastructure that DP&L would be
7 investing in that might relate to this, yes.

8 Q. So you're not talking about owning
9 charging stations, right?

10 A. Right.

11 MR. SHARKEY: Objection. I'm not clear
12 what he means when "you're not talking about". If
13 his question is specific to the Stipulation, that
14 could be different than you're not talking about,
15 because it's a pretty vague question.

16 EXAMINER SCHABO: Restate that.

17 MR. OLIKER: Happy to clarify.

18 By Mr. Oliker:

19 Q. Ms. Schroder, the Stipulation does not
20 permit DP&L to own electric vehicle charging
21 stations, correct?

22 A. The Stipulation on page 9 contemplates
23 that DP&L will dedicate up to \$1 million of capital
24 investment that would be eligible for the DIR
25 recovery, and that's the relationship between that

1 and the investment and the electric vehicle charging
2 infrastructure.

3 Q. But to answer the question, it doesn't
4 permit DP&L to own electric vehicle charging
5 stations, correct?

6 A. I think the language speaks for itself
7 what it permits, but it does specify that DP&L will
8 commit to work with the Ohio EPA in charging station
9 host applicants within its service territory to
10 facilitate the installation of the fast chargers.

11 (Pause.)

12 Q. Ms. Schroder, are you responsible for
13 any of DP&L's compliance with PUCO rules?

14 A. I couldn't hear you.

15 Q. Are you responsible for DP&L's
16 compliance with PUCO rules?

17 A. Yes. At least partially, yes.

18 Q. And some of those rules relate to things
19 such as maintaining call centers, correct?

20 A. There are some specifics within the
21 rules that relate to call centers.

22 Q. And there are costs associated with
23 those rules, correct?

24 A. There are -- there are costs associated
25 with our compliance with the rules, yes.

1 Q. In a prior life you worked for a CRES
2 provider, correct?

3 A. That is correct.

4 Q. And that was DP&L Energy Resources?

5 A. Yes, that's right.

6 Q. And would you agree that CRES providers
7 also have to adhere to PUCO regulations?

8 A. Yes, there are different sets of rules,
9 but there are also rules for CRES providers.

10 Q. And one of those rules is to staff and
11 maintain a call center, correct?

12 A. I don't recall that specific rule.

13 Q. CRES providers also have to provide
14 notices to customers, correct?

15 A. Yes, that is correct.

16 Q. And there are information preservation
17 requirements?

18 A. Yes, there are.

19 Q. You have to maintain customer records,
20 correct?

21 A. I don't recall the nature of the
22 specificity of the types of records in terms of
23 customer information, but I do recall that there --
24 there is a requirement for CRES providers that would
25 be something related to maintaining records.

1 Q. And last, are you familiar with fees
2 that are assessed to CRES providers?

3 A. Generally, yes.

4 Q. One of those is the switching fee,
5 correct?

6 A. Yes, that's right.

7 Q. And there's historical interval data
8 fee?

9 A. Yes, there is.

10 Q. And are you familiar with any of the
11 cost components on DP&L's side to calculate those
12 fees?

13 A. No, I'm not.

14 Q. And you're not offering any testimony to
15 support the reasonableness of those fees?

16 A. No, that's correct.

17 Q. And to your knowledge, does the
18 switching fee apply when a customer reverts from a
19 CRES provider to the SSO?

20 A. I don't know if it does today, but I
21 know in our proposed distribution tariff filing we
22 propose to strike the language so that it would not
23 apply.

24 EXAMINER PRICE: Could I have the
25 question and answer back, please?

1 (Record read back.)

2 By Mr. Oliker:

3 Q. And do you know if there are any fees
4 when a CRES provider has to have a conversation with
5 somebody at DP&L over a certain limit of time?

6 A. No, I don't know.

7 MR. OLIKER: I think those are all the
8 questions I have, your Honor. Thank you.

9 MR. WHITT: I do have just a few
10 questions, if I may.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Whitt:

14 Q. Ms. Schroder, you have -- I believe it
15 was marked Joint Exhibit 1, the Stipulation, in front
16 of you, and that's the Stipulation in this case, to
17 be clear, 15-1830-EL-AIR?

18 A. I have the Stipulation, yes.

19 Q. On page -- I know Mr. Oliker talked to
20 you about the electric vehicle charging
21 infrastructure plan, and on page 9 of Joint
22 Exhibit 1, in the second sentence, the Stipulation
23 indicates that the equipment or the investment
24 envisioned would be in front of the meter, i.e., on
25 the company's side of the meter, correct?

1 A. Yes, I see that.

2 Q. And now if I could just draw your
3 attention to the previous page, page 8, paragraph g,
4 where there's a provision regarding battery storage
5 projects. Do you see that paragraph?

6 A. Yes, I do.

7 Q. Would the battery storage projects
8 referenced on page 8 also relate to investments in
9 front of the meter, or on the company's side of the
10 meter?

11 A. This paragraph about the battery storage
12 projects on page 8 that may be included in the DIR
13 doesn't specify anything with regards to the location
14 behind, or in front of the meter, but does specify
15 that DP&L must demonstrate that the battery or
16 batteries will be used for distribution service.

17 Q. Okay.

18 A. And that they would qualify as
19 distribution equipment under the FERC Uniform System
20 of Accounts authorized to be included in DIR.

21 Q. Okay. And in the second sentence of
22 paragraph g there's a reference to interested parties
23 and how they may submit to DP&L requests to consider
24 battery storage projects. Do you see that?

25 A. Yes, I see that.

1 Q. And I'm assuming by the term "interested
2 parties", it would be more expansive than either
3 signatories to the Stipulation or any nonobjecting
4 parties that have signed the Stipulation, would that
5 be fair?

6 A. That's also my interpretation, that it's
7 broader since it doesn't use the capitalized terms of
8 nonopposing or signatory parties.

9 Q. Okay. So would you agree that, for
10 example, companies who are members of RESA would have
11 the opportunity to submit requests to DP&L for
12 battery storage projects?

13 A. Related to distribution service as it
14 says in that sentence, yes.

15 Q. Okay. How does DP&L intend to
16 communicate to parties outside the Stipulation that
17 this provision of the Stipulation exists?

18 In other words, how would one become
19 interested in this provision that allows interested
20 parties to reach out to DP&L about battery storage
21 projects?

22 A. I don't know. We haven't worked out any
23 details about how we might do this. It does
24 contemplate that we may file an application, and
25 interested parties may submit, but we haven't worked

1 out the details of any process there.

2 Q. Okay. And as you indicate, there is a
3 reference here to the potential for an application,
4 and the language used talks about an application for
5 preapproval of a battery project. Do you see that
6 language? It's about two-thirds of the way into the
7 paragraph?

8 A. Yes, I see that.

9 Q. Do you know what DP&L would be seeking
10 preapproval of or for? In other words, preapproval
11 for the recovery of costs, some sort of preapproval
12 to do the project? I'm just curious about what
13 approvals DP&L believes would be necessary, if you
14 know.

15 A. I don't know.

16 Q. If we go to page 12 of -- still on Joint
17 Exhibit 1, page 12, paragraph 2, there's a reference
18 to a Distribution Infrastructure Modernization Plan
19 filing, and the paragraph goes on to discuss an
20 anticipated meeting with various parties and other
21 interested stakeholders, at least once, to seek input
22 and information relevant to formulate a proposal. Do
23 you see that in the last couple lines of that
24 paragraph?

25 A. Yes, I see that.

1 Q. And once again, is it fair to infer from
2 this paragraph that by using the term "other
3 interested stakeholders", that would include -- well,
4 I suppose anybody that requested to participate in
5 such a meeting, whether they are a signatory to the
6 Stipulation or not?

7 A. I would interpret this as when it says
8 any other interested stakeholders it is broader than
9 just the signatory parties.

10 Q. Would the same hold true where there's a
11 reference to interested stakeholders in paragraph 3
12 on page 13 of the Stipulation?

13 The first sentence says, "DP&L will meet
14 with Staff, the Environmental Parties, and any other
15 interested stakeholders," et cetera, with regard to
16 the non-wires alternatives?

17 A. I found that sentence. Could you repeat
18 what your question was?

19 Q. Sure. Once again, by the term
20 "interested stakeholders", that would include
21 entities in addition to those who are signatories to
22 the Stipulation?

23 A. I would interpret that as broader than
24 just signatories.

25 Q. Would, to your knowledge, DP&L have any

1 objection to notifying either RESA and/or its members
2 about any of the initiatives that we have talked
3 about this afternoon where there's an opportunity for
4 interested stakeholder input -- would DP&L let RESA
5 know about those proceedings so that it could
6 participate or at least make a decision about whether
7 to participate in these initiatives or not?

8 A. As I mentioned earlier, we don't have
9 any plans or specifics regarding these meetings yet,
10 or any process yet, but we would not see any concern
11 with notifying parties about the meetings.

12 Q. Okay. Does DP&L have any affiliates
13 that own battery storage assets?

14 A. I don't know.

15 Q. Would it be your expectation that to the
16 extent DP&L proceeds with these non-wires
17 alternatives proposals for EV charging station
18 proposals, battery storage proposals, that DP&L would
19 treat any of its affiliates the same way it would
20 nonaffiliates in terms of communicating about the
21 project, terms and conditions and so forth?

22 EXAMINER PRICE: Mr. Whitt, when you say
23 "affiliates", are you including IPL as an affiliate,
24 or you mean solely nonutility affiliates?

25 MR. WHITT: Nonutility affiliates.

1 THE WITNESS: That was what I was
2 struggling with the last question when I said I
3 didn't know. Okay. Can you repeat your question,
4 please?

5 By Mr. Whitt:

6 Q. Will -- well, to the extent DP&L
7 proceeds to allow or have interested parties to
8 submit comments or proposals for projects related to
9 battery storage, EV chargers and other initiatives
10 discussed in the Stipulation, will nonutility
11 affiliates of DP&L have the same opportunities to
12 participate in those projects as any non -- or DP&L
13 affiliates would have?

14 A. I don't know. I don't know enough
15 detail about -- around the questions that you're
16 asking about the affiliates or the nature of how we
17 might propose the processes for these meetings.

18 Q. Okay. To the extent DP&L's Code of
19 Conduct would apply to any services the utility
20 provides related to its distribution utility
21 function, it would be your expectation, wouldn't it,
22 that those requirements would be observed?

23 A. Absolutely, we would comply with the
24 Code of Conduct.

25 Q. And there's no intention, it appears to

1 me, if I can just confirm for us, that nothing in the
2 Stipulation that we're looking at today purports to
3 waive or modify DP&L's Code of Conduct in any way,
4 would that be fair?

5 A. Nothing in the Stipulation attempts to
6 change the Code of Conduct.

7 MR. WHITT: Very well. That's all the
8 question I have.

9 EXAMINER SCHABO: Any redirect?

10 MR. SHARKEY: No redirect, your Honor.

11 EXAMINER SCHABO: Thank you.

12 Ms. Schroder, you may step down.

13 (Witness excused.)

14 EXAMINER SCHABO: Would you like to move
15 any of your exhibits?

16 MR. SHARKEY: I would, your Honor. I'd
17 like to move into evidence Joint Exhibit 1, which was
18 the Stipulation, also DP&L/Dayton Exhibit 1, which
19 was the Supplemental Stipulation, Ms. Schroder's
20 testimony, which was DP&L Exhibit 1, and the Proofs
21 of Publication which were DP&L Exhibit 4.

22 EXAMINER SCHABO: Any objection?

23 MR. MC NAMEE: No objection, your Honor.

24 EXAMINER SCHABO: Your exhibits will be
25 admitted.

1 MR. SHARKEY: Thank you, your Honor.

2 EXAMINER SCHABO: Thank you.

3 (EXHIBITS ADMITTED INTO EVIDENCE.)

4 MR. OLIKER: Your Honor, I would move
5 IGS 2, the Stipulation.

6 EXAMINER SCHABO: Any objection?

7 MR. SHARKEY: No objection, your Honor.

8 EXAMINER PRICE: Doesn't it make more
9 sense, Mr. Oliker, to take administrative notice of
10 it? It's not really evidence.

11 MR. OLIKER: I have no problem doing
12 that.

13 EXAMINER PRICE: Then we'll just take
14 administrative notice of it.

15 Mr. Healey?

16 MR. HEALEY: Yes, your Honor. Ohio
17 Consumers' Council would like to call Ross Willis.
18 May I approach, your Honor?

19 EXAMINER PRICE: You may. Mr. Willis,
20 do you swear to tell the truth, the whole truth, and
21 nothing but the truth?

22 MR. WILLIS: I do.

23 EXAMINER PRICE: Please be seated and
24 state your name and business address for the record.

25 THE WITNESS: My name is William Ross

1 Willis, business address is 65 East State Street,
 2 Columbus, Ohio 43215.

3 MR. HEALEY: If I may mark as OCC
 4 Exhibit 1 the Direct Testimony of William Ross Willis
 5 in support of the Stipulation and Recommendation
 6 filed in this case on July 2, 2018.

7 EXAMINER PRICE: So marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 - - -

10 William Ross Willis,
 11 being first duly sworn, as prescribed by law, was
 12 examined and testified as follows:

13 DIRECT EXAMINATION

14 By Mr. Healey:

15 Q. Mr. Willis, do you have in front of you
 16 a copy of what has now been marked OCC Exhibit 1?

17 A. I do.

18 Q. And what is OCC Exhibit 1?

19 A. It is my direct testimony in support of
 20 the Stipulation and Recommendation.

21 Q. And did you prepare this testimony
 22 yourself?

23 A. I did.

24 Q. Do you have any changes to that
 25 testimony today?

1 A. I do not.

2 Q. And if I were to ask you the questions
3 found in that testimony today, would your answers all
4 be the same?

5 A. Yes.

6 MR. HEALEY: Thank you. Your Honor,
7 with that I would move for the admission of OCC
8 Exhibit 1 subject to any cross-examination.

9 EXAMINER PRICE: We'll defer ruling on
10 OCC Exhibit 1 pending cross-examination.

11 IEU Ohio?

12 MR. PRITCHARD: No cross, your Honor.

13 EXAMINER PRICE: Ms. Bojko?

14 MS. BOJKO: No thank you.

15 EXAMINER PRICE: Ms. Whitfield?

16 MS. WHITFIELD: No thank you.

17 EXAMINER PRICE: Mr. Sharkey?

18 MR. SHARKEY: No thank you, your Honor.

19 EXAMINER PRICE: Mr. Oliker?

20 MR. OLIKER: Sure, just briefly.

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Oliker:

24 Q. Good afternoon, Mr. Willis.

25 A. Good afternoon.

1 Q. Turning to page 8 first, am I correct
2 that many portions of the Staff Report are accepted
3 under the Stipulation?

4 A. Many are.

5 Q. And one of the components -- first, did
6 you review the Staff Report?

7 A. I did.

8 Q. Would you agree that there was a
9 recommendation in the Staff Report regarding costs
10 that could be reallocated to the SSO in distribution
11 rates?

12 A. Yes, they -- in the text portion they
13 did make that recommendation. However, in the --
14 they didn't make an adjustment, and the Stipulation
15 and Recommendation and schedules attached, there is
16 no adjustment for a reallocation of PUCO and OCC
17 assessments.

18 Q. And am I correct that the Stipulation
19 and Recommendation does not explicitly change the
20 recommendation in the Staff Report to reallocate to
21 the SSO, PUCO and OCC assessment costs?

22 A. Right.

23 Q. And the Staff Report recommended that
24 the PUCO and OCC expenses be allocated based upon the
25 proportion of SSO revenue to total revenue, correct?

1 If you know?

2 A. They made the recommendation that one
3 potential area that could be reallocated was PUCO and
4 OCC assessments.

5 Q. And they also provided a recommendation
6 for how that reallocation would occur, correct?

7 A. Yes.

8 Q. And am I correct that there is no
9 analysis of SSO related costs proposed for recovery
10 to distribution rates that's included in your
11 testimony?

12 A. That is correct.

13 MR. OLIKER: Those are all the questions
14 I have. Thank you, Mr. Willis.

15 EXAMINER PRICE: Thank you. Mr. Whitt.

16 MR. WHITT: Very briefly.

17 - - -

18 CROSS-EXAMINATION

19 By Mr. Whitt:

20 Q. Good afternoon.

21 A. Good afternoon.

22 Q. Have you read or are you aware generally
23 of Ms. Ringenbach's testimony in this case which
24 basically objects to DP&L's continued levying of a
25 historical usage data fee to suppliers?

1 A. I didn't read her testimony.

2 Q. Okay. Are you aware of that issue
3 generally that RESA has raised -- has raised?

4 A. If it's the same issue that Mr. Hess has
5 raised of allocating costs, distribution costs to the
6 SSO --

7 Q. Well, I'm talking about a different
8 issue.

9 Are you aware generally that
10 utilities -- not just DP&L, but that some utilities
11 have tariffed charges that are levied to suppliers
12 for various services that the utility may provide,
13 whether it's historical usage, things of that nature?
14 Are you aware of those generally?

15 A. Generally of that, yes.

16 Q. And I take it, though, that you haven't
17 sort of honed in on an issue raised in this
18 proceeding by RESA about a particular historical
19 usage fee that they have objected to?

20 A. I didn't read the testimony.

21 Q. Okay. Would you have any reason to
22 believe that if the Commission Order in this case
23 approved the Stipulation, but also held that DP&L
24 could no longer charge an historical usage request
25 fee to suppliers, that such an Order would otherwise

1 undermined any of the benefits that you testified the
 2 Stipulation would bring, would you?

3 A. I don't know. I haven't really thought
 4 of it. I couldn't answer that.

5 MR. WHITT: Fair enough. That's all I
 6 have.

7 EXAMINER PRICE: Thank you.

8 Mr. McNamee?

9 MR. MC NAMEE: No questions, your Honor.
 10 Thank you.

11 EXAMINER PRICE: Redirect?

12 MR. HEALEY: No, your Honor.

13 EXAMINER PRICE: Thank you, Mr. Willis.
 14 You're excused.

15 (Witness excused.)

16 EXAMINER PRICE: Mr. Healey?

17 MR. HEALEY: Yes, OCC would move for the
 18 admission of OCC Exhibit 1.

19 EXAMINER PRICE: At this time OCC
 20 Exhibit 1 will be admitted. Let's go off the record
 21 real fast.

22 (EXHIBIT ADMITTED INTO EVIDENCE.)

23 EXAMINER PRICE: Back on the record.

24 Ms. Ringenbach -- she's your first witness, isn't
 25 she?

1 Ms. Ringenbach, do you swear to tell the
2 truth, the whole truth, and nothing but the truth?

3 MS. RINGENBACH: I do.

4 EXAMINER PRICE: Please be seated and
5 state your name and business address for the record.

6 THE WITNESS: My name is Teresa
7 Ringenbach, and I'm the Senior Manager of Government
8 and Regulatory Affairs for Direct Energy. My
9 business address is 5200 Upper Metro Place, Dublin,
10 Ohio.

11 EXAMINER PRICE: Please proceed.

12 MR. WHITT: Thank you, your Honor. I
13 would like to have marked for identification as
14 RESA/IGS Exhibit 1 the direct testimony of Teresa
15 Ringenbach filed on July 16, 2018.

16 EXAMINER PRICE: It will be so marked.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 - - -

19 Teresa Ringenbach,
20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Whitt:

24 Q. Ma'am, do you have RESA/IGS Exhibit 1 in
25 front of you?

1 A. Yes. It is my direct testimony on
2 behalf of RESA and IGS in this case.

3 Q. Do you have any corrections or changes
4 to make to your testimony?

5 A. No.

6 Q. If I were to ask you the same questions
7 that appear in RESA/IGS Exhibit 1 today, would your
8 answers be the same?

9 A. Yes.

10 MR. WHITT: We would move for the
11 admission of RESA/IGS Exhibit 1 subject to
12 cross-examination.

13 EXAMINER PRICE: Thank you. We will
14 defer ruling on that until the conclusion of
15 cross-examination.

16 I'd like to go off the record briefly.

17 (Discussion off the record.)

18 EXAMINER PRICE: Let's go back on the
19 record. Mr. Oliker is not here, so he'll pass.

20 Ms. Fleisher?

21 MS. FLEISHER: No questions, your Honor.

22 EXAMINER PRICE: Ms. Whitfield?

23 MS. WHITFIELD: No questions.

24 EXAMINER PRICE: Ms. Bojko?

25 MS. BOJKO: No questions, your Honor.

1 EXAMINER PRICE: Mr. Healey?

2 MR. HEALEY: Yes, very briefly, your
3 Honor.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Healey:

7 Q. Ms. Ringenbach, your recommendation in
8 this case is generally the elimination of historical
9 usage data fees that CRES currently pay, correct?

10 A. Unless the Commission can determine that
11 there's an actual cost that needs to be recovered.

12 Q. So if there is an actual cost, then you
13 agree that they should continue to be paid?

14 A. That's what the final paragraph of my
15 testimony says, yes.

16 Q. And if your proposal were adopted,
17 assuming that there are no costs and CRES stop paying
18 the historical costs, would that result in lower
19 prices offered to residential customers by CRES in
20 DP&L service territory?

21 A. I can't answer generally for what other
22 companies would do.

23 Q. Could you speak for Direct?

24 A. Well, I'm not testifying for Direct, I'm
25 testifying for RESA and IGS.

1 Q. Will IGS be able to offer lower prices
2 to residential customers in DP&L's service territory
3 if they stop paying historical data usage fees?

4 A. I can say this: That data is essential
5 to how you price a customer in general. For
6 residential customers, if we get to historical
7 interval usage, because we have time-of-use rates and
8 things like that, then yes, they will likely see a
9 benefit from that.

10 Q. Can you turn to page 2 of your
11 testimony, please, looking at line 13. I direct you
12 to the sentence that says, "Historical usage data is
13 an essential piece for a customer to receive accurate
14 pricing from their supplier." Do you see that?

15 A. Yes.

16 Q. Is it your testimony that without
17 historical usage, customers would receive inaccurate
18 pricing?

19 A. It's likely.

20 MR. HEALEY: That's all, your Honor.

21 EXAMINER PRICE: Thank you. IEU Ohio?

22 MR. PRITCHARD: No questions.

23 EXAMINER PRICE: Company.

24 MR. HOLLAND: Yes, your Honor.

25 - - -

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CROSS-EXAMINATION

By Mr. Holland:

Q. Good afternoon, Ms. Ringenbach. My name is Chris Holland. We have met by phone before. I just have a few questions for you this afternoon.

You testified in response to Mr. Healey's questions that you agree that DP&L should be able to recover costs associated with providing historical usage data, correct?

A. My answer to question 10 of my testimony is that we don't think there should be a fee at all. Throughout my testimony, from what we have been able to get from the company, that there is over \$2 million that have been recovered through these fees, and no data provided to show why these -- whether there are still costs associated with providing the service.

However, if the Commission believes that DP&L may have a right to charge customers for this data, the Commission should order DP&L to substantiate the cost basis for its proposed fee.

Q. But you agree to the extent that DP&L has costs associated with providing this data to CRES providers, that DP&L should be able to recover those costs?

1 A. If DP&L can show that they actually have
2 a cost, which they haven't yet, then we agree they
3 should recover those costs.

4 Q. In support of your statement that DP&L
5 has not provided this cost information in your
6 testimony, you cite a discovery response IGS 4-2 in,
7 I believe it's Exhibit 2 in your testimony. Can you
8 turn to that page?

9 A. I have it.

10 Q. In subsection D, IGS -- I'm sorry,
11 Subsection B. IGS requested that DP&L identify all
12 costs being recovered through the \$150 charge which
13 is the charge for the historical usage data?

14 A. Correct.

15 Q. And DP&L objected to providing a
16 response to that interrogatory, correct?

17 A. Yes.

18 Q. Are you aware whether IGS compelled DP&L
19 to respond to that interrogatory?

20 A. I do not remember.

21 Q. Are you aware of whether RESA
22 independently requested that information?

23 A. I don't think they sent it.

24 Q. Okay. Separately you're also generally
25 aware of the methods in which DP&L provides this

1 information to CRES providers, correct?

2 A. Yes.

3 Q. And they provide this information
4 through electronic data interchange also known as
5 EDI?

6 A. Yes.

7 Q. And they also provide it manually by
8 email, correct?

9 A. That is correct.

10 Q. And so you have no knowledge of the
11 amount of historical costs associated with
12 establishing that -- those methods, correct?

13 MR. WHITT: Objection. Assumes that
14 this there is a cost.

15 By Mr. Holland:

16 Q. If any.

17 A. For DP&L specifically, no.

18 Q. Okay. And you have no knowledge of the
19 amount of any ongoing costs, if any, associated with
20 providing this data to CRES providers, correct?

21 MR. WHITT: I'll object again. The very
22 subject matter of that information was addressed in
23 the discovery responses and wasn't provided.

24 EXAMINER PRICE: It's fair to ask
25 whether she has any other knowledge. Overruled.

1 THE WITNESS: So in response to that
2 question, I do generally have knowledge of the EDI
3 costs for several utilities across the country, and
4 it's cents per transaction. Specific to what email
5 and manual stuff is for DP&L, I don't know what --
6 the amount of time or the cost that that would be.
7 By Mr. Holland:

8 Q. But you have no knowledge about DP&L's
9 total amount of costs for providing this data to CRES
10 providers, correct?

11 A. DP&L has not provided their actual cost
12 to provide that.

13 Q. So you do not know?

14 A. We do not know it.

15 Q. And you also have no knowledge as to
16 whether any costs to DP&L for providing this data to
17 CRES providers is incorporated into its current
18 revenue requirement, correct?

19 A. You'll have to ask the question again.
20 I'm sorry.

21 Q. For revenue requirement in this --

22 A. I'm not sure what you mean by revenue
23 requirement.

24 Q. Let me rephrase the question.

25 You have no knowledge as to whether any

1 costs associated with DP&L providing this historical
2 data to CRES providers is incorporated into the most
3 recent Commission approved revenue requirement for
4 DP&L?

5 A. The one from the 2005 case, rate case?
6 I'm sorry, you're really losing me on what you're
7 actually asking me. What revenue requirement are you
8 asking me for?

9 Q. I'm asking you about the revenue
10 requirement that exists today.

11 MR. WHITT: I'll object. The revenue
12 requirement in this proceeding would be determined
13 based on the test year, and if that's --

14 EXAMINER PRICE: I believe he's asking
15 the current revenue requirement that is currently in
16 place. He can ask.

17 MR. HOLLAND: Correct, your Honor.

18 THE WITNESS: I mean, clearly the
19 Commission has, through the last settlement with no
20 cost being displayed in that settlement, it was just
21 an agreed to number, but that's the number that we're
22 being charged today.

23 So based on that settlement, my answer
24 would be no, it was not included in the revenue
25 requirement, but I don't have accurate knowledge of

1 that specific to this case and this requirement.

2 MR. HOLLAND: Okay. I have no more
3 questions, your Honor.

4 EXAMINER PRICE: Thank you.
5 Mr. McNamee?

6 MR. MC NAMEE: No questions, your Honor.
7 Thank you.

8 EXAMINER PRICE: Redirect?

9 MR. WHITT: Yes, your Honor.

10 - - -

11 REDIRECT EXAMINATION

12 By Mr. Whitt:

13 Q. Ms. Ringenbach, can you think of any
14 other way that you would be able to have information
15 about DP&L's costs, if any, to provide interval data,
16 anyway you can get that other than ask them for it?

17 A. No.

18 MR. WHITT: Thank you.

19 EXAMINER PRICE: Do you know who the
20 parties were to the Stipulation in 11-3002-EL-MAR?

21 THE WITNESS: I'd have to go back and
22 look. I think at that time I was with Integra and we
23 were a party to it, but I don't remember if RESA was
24 a party, or if we had that ad hoc group of suppliers
25 at that time.

1 EXAMINER PRICE: Thank you. And Integra
2 is currently owned by.

3 THE WITNESS: Constellation.

4 EXAMINER PRICE: Difficulty keeping them
5 straight. Thank you.

6 (Witness excused.)

7 EXAMINER PRICE: Mr. Whitt?

8 MR. WHITT: We would move for the
9 admission of Exhibit RESA/IGS 1.

10 EXAMINER PRICE: Any objection? Seeing
11 none, it will be admitted.

12 (EXHIBIT ADMITTED INTO EVIDENCE.)

13 EXAMINER PRICE: At this time we'll take
14 a ten-minute break before we hear from Mr. Hess.

15 MR. OLIKER: Could we ask for 15
16 minutes?

17 EXAMINER PRICE: 15 minutes, Mr. Oliker.
18 We will break until 3:45.

19 MR. OLIKER: Thank you, your Honor.

20 (Recess taken.)

21 EXAMINER SCHABO: Let's go back on the
22 record.

23 Mr. Oliker, if you'd like to call your
24 witness.

25 MR. OLIKER: Thank you, your Honor. The

1 Retail Energy Supply Association and Interstate Gas
2 Suppliers would call J. Edward Hess to the stand.

3 EXAMINER SCHABO: Mr. Hess, do you swear
4 that the testimony you're about to give is the truth?

5 MR. HESS: I do.

6 EXAMINER SCHABO: Thank you. If you'd
7 start with your name, please.

8 THE WITNESS: My name is J. Edward Hess.

9 - - -

10 J. Edward Hess

11 being first duly sworn, as prescribed by law, was
12 examined and testified as follows:

13 DIRECT EXAMINATION

14 By Mr. Oliker:

15 Q. Good afternoon, Mr. Hess.

16 A. Good afternoon.

17 MR. OLIKER: First, your Honor, we would
18 like to mark the direct testimony of J. Edward Hess
19 as RESA/IGS Exhibit 1 -- 2. I apologize.

20 EXAMINER SCHABO: We'll mark Mr. Hess'
21 supplemental testimony, the July 16, 2018 testimony,
22 as RESA/IGS 2.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 MR. OLIKER: Thank you, your Honor.

25 By Mr. Oliker:

1 Q. Mr. Hess, did you prepare direct
2 testimony in this proceeding?

3 A. Yes, I did.

4 Q. And what is the date on that testimony?

5 A. July 16, 2018.

6 Q. And who did you prepare that testimony
7 on behalf of?

8 A. RESA and IGS.

9 Q. Okay. And who are you employed by?

10 A. I'm self-employed.

11 Q. Okay. And do you have any corrections
12 to make to your testimony?

13 A. I do not.

14 Q. If asked the same -- was this testimony
15 prepared by you or under your direction?

16 A. Yes, it was.

17 Q. And if you were asked these same
18 questions today, would your answers be the same?

19 A. Yes, they would.

20 MR. OLIKER: Your Honor, with that I
21 would move the exhibit and tender the witness for
22 cross-examination.

23 EXAMINER SCHABO: We'll defer on
24 admission until after cross-examination.

25 MR. OLIKER: Thank you, your Honor.

1 EXAMINER SCHABO: Mr. Pritchard?

2 MR. PRITCHARD: No cross, your Honor.

3 EXAMINER SCHABO: Mr. Healey?

4 MR. HEALEY: Yes, your Honor.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. Healey:

8 Q. Mr. Hess, you're aware that a
9 Stipulation was filed in this case, correct?

10 A. I am, yes.

11 Q. And your testimony which has now been
12 marked RESA/IGS 2 was filed after the Stipulation,
13 correct?

14 A. That is correct.

15 Q. And in your testimony you are not -- let
16 me take a step back.

17 Are you familiar with the Commission's
18 three-prong test for evaluating stipulations?

19 A. Yes, I am.

20 Q. And you understand that under the first
21 prong the Commission looks at whether the Stipulation
22 was the product of serious bargaining?

23 A. Yes.

24 Q. Among capable parties?

25 A. Yes.

1 Q. And your testimony does not take any
2 position on whether the first prong is met, correct?

3 A. It does not.

4 Q. And you understand that the second prong
5 of the Commission's test is whether the settlement
6 benefits ratepayers and the public interest, correct?

7 A. That is correct.

8 Q. And do you take any position in your
9 testimony on whether the Stipulation satisfies the
10 second prong?

11 A. I do not.

12 Q. And, Mr. Hess, you understand that the
13 third prong is whether the Stipulation in question
14 violates regulatory principals or practices, correct?

15 A. Yes.

16 Q. And do you take any position in your
17 testimony as to whether the Stipulation does or does
18 not meet the third prong of the test?

19 A. Well, to the extent I believe that an
20 allocation to the standard service offer -- a
21 refunctionalization to the standard service offer
22 with certain costs that are accounted for by the
23 distribution company are appropriate, that could be
24 considered a regulatory issue.

25 Q. And did you make that -- did you make

1 that point in your testimony anywhere?

2 A. I did not, no.

3 Q. Thank you.

4 MR. HEALEY: Your Honor, at this point I
5 would move to strike the entirety of Mr. Hess'
6 testimony as he testified he's not testifying to any
7 of the three prongs of the Stipulation in this case.

8 He's not taken a position on prong one,
9 prong two, or prong three, and therefore his
10 testimony is irrelevant as to the Commission's
11 decision in this case, which is whether the
12 Stipulation should be approved under that three-prong
13 test.

14 EXAMINER SCHABO: Mr. Oliker?

15 MR. OLIKER: Your Honor, although
16 parties often present testimony within the context of
17 stipulations, those are legal arguments that are
18 intended to frame the issues for trial.

19 And because he simply didn't put these
20 are the three buckets and how my testimony relates to
21 it, doesn't change the relevance of his testimony and
22 how it addresses the Stipulation and the relief
23 that's being requested here.

24 It also doesn't change the fact that
25 this proceeding specifically was delegated to

1 undertake one of the issues in Mr. Hess' testimony,
2 actually the sole issue of his testimony, which the
3 Stipulation in the ESP provides this proceeding will
4 address any distribution related costs to provide the
5 standard service offer. Mr. Hess addresses that
6 issue in his testimony.

7 So it's perfectly relevant to this case,
8 although he didn't necessarily tailor it like a
9 lawyer might. That's not the type of witness he is.

10 He's an expert witness based upon his
11 prior experience, and he already indicated in
12 cross-examination that although he didn't
13 specifically mention prong three, that his testimony
14 relates to it.

15 EXAMINER SCHABO: I'll deny your motion
16 to strike.

17 By Mr. Healey:

18 Q. Mr. Hess, based on your long experience
19 in utilities regulation, you would agree that DP&L is
20 required to provide safe, reliable electric
21 distribution service to its customers, correct?

22 A. That is correct.

23 Q. And that would include providing safe
24 and reliable distribution service to its customers
25 that happen to shop for their generation, correct?

1 A. Safe, reliable electric distribution
2 service did you say?

3 Q. Yes.

4 A. Yes.

5 Q. Can you turn to page 6 of your
6 testimony, please?

7 A. Yes, sir, I have that.

8 Q. And starting at line 1, you note that
9 the SSO is a statutory requirement that the electric
10 distribution utility must provide its customer a firm
11 supply of electric generation service when there's a
12 failure of the supplier to provide retail and
13 electric generation service. Do you say see that?

14 A. Yes.

15 Q. What statute are you referring to?

16 A. 4928, I believe it's .141.

17 Q. 141?

18 A. Yes.

19 Q. Now, you say in the sentence that the
20 statutory requirement applies when there is a failure
21 of a supplier to provide retail and electric
22 generation service. Are you saying that if no
23 supplier in DP&L's service territory fails to provide
24 service, that DP&L could cancel its standard service
25 offer?

1 A. No.

2 Q. So you understand that DP&L has to have
3 a standard service offer independent of whether any
4 CRES in its service territory happened to default?

5 A. Yes.

6 Q. And in the context of a CRES defaulting,
7 you would agree that it would be good policy for
8 there to be some other option for customers to secure
9 their generation, correct?

10 A. What do you mean by some other option?
11 By another CRES provider?

12 Q. There should be some option?

13 A. Yes.

14 Q. Let's put it this way: If a CRES
15 defaults, we don't want customers' power to go out,
16 correct?

17 A. That is correct.

18 Q. And so it's important to have a plan to
19 make sure their power doesn't go out, correct?

20 A. That is correct.

21 Q. Are there any residential customers in
22 DP&L's service territory that are required to shop
23 for their generation?

24 A. Are required to shop? I don't believe
25 so.

1 Q. And do you agree that any residential
2 customer, if it so chooses, can participate in the
3 standard service offer, correct?

4 A. Yes, that is correct.

5 Q. If a customer were to call IGS, for
6 example, and say I want to sign up for your
7 generation service, can IGS simply tell them no thank
8 you?

9 A. I don't know the answer to that.

10 Q. Do you know, if a customer calls IGS and
11 is interested in their service, what type of
12 information they need to provide to IGS?

13 A. I don't know the answer to that.

14 Q. Do you know the answer for any other
15 RESA members other than IGS?

16 A. No.

17 Q. Your proposal in this case is for the
18 creation of two new riders, correct?

19 A. That is correct.

20 Q. And if the PUCO were to adopt your
21 proposal, would competitive retail electric suppliers
22 be able to offer lower prices to customers in DP&L's
23 service territory?

24 A. I don't know the answer to that.

25 Q. Does your proposal benefit RESA and IGS?

1 A. No, I believe it benefits the customers.

2 Q. Would you agree that if your proposal is
3 in fact implemented, that DP&L would have to incur
4 some costs to implement it?

5 A. As we spoke just last Monday, no
6 additional cost. Distribution companies is a fixed
7 cost service, so there are no additional costs
8 associated with implementing the new rider.

9 Q. So if a DP&L customer -- sorry. If a
10 DP&L employee were to spend some time working on
11 implementing your proposal, you would not consider
12 that to be an additional cost?

13 A. It's not an additional cost, no.

14 Q. Would you consider it to be a cost?

15 A. It is a cost, yes.

16 Q. Would you consider it to be an
17 additional cost if the specific employee implementing
18 it were paid hourly as opposed to salary?

19 A. No.

20 Q. Would you consider it an additional cost
21 if DP&L has to hire outside lawyers to file a case at
22 the PUCO to implement your proceeding or --

23 MR. OLIKER: Objection.

24 EXAMINER SCHABO: Basis?

25 MR. OLIKER: Assumes facts not in

1 evidence in as much as it has not been determined or
2 specified whether any additional proceedings would be
3 necessary.

4 MR. HEALEY: I can reword it, your
5 Honor.

6 By Mr. Healey:

7 Q. Mr. Hess, under your proposal, the two
8 riders would be trued up every six months, correct?

9 A. That is correct.

10 Q. And you anticipate that this true-up
11 process would have to happen through a PUCO docketed
12 case, correct?

13 A. I believe it would be, yes.

14 Q. And so to the extent DP&L uses outside
15 counsel, for example Mr. Sharkey, in one of those
16 cases, would those costs be an additional cost for
17 implementing your proposal?

18 A. In addition to what? The amount built
19 into the test year in this case?

20 Q. In addition to distribution costs that
21 are already being collected by the company.

22 A. No, there's an allowance included in
23 this case, I believe in Account 928, for outside
24 services, which is assumed to be the annual cost of
25 outside counsel.

1 Q. Let's suppose that DP&L were to file one
2 of these rider cases, and it happened to be during
3 the test year of your next rate case. Then would
4 Mr. Sharkey's costs associated with filing that rider
5 case be an additional cost to consumers?

6 A. My next rate case, did you say?

7 Q. DP&L's next rate case.

8 A. I'm sorry, I got stuck on that one word,
9 so I'm going to have to ask the question be repeated.

10 (Question read back.)

11 THE WITNESS: No. Again, there's
12 allowance built into the distribution rates that
13 compensate the utility company for outside counsel.
14 By Mr. Healey:

15 Q. Would you agree that any costs that they
16 pay to outside counsel during the test year would be
17 an expense that's reflected in the test year in the
18 company's schedule, correct?

19 A. That is correct.

20 Q. Let's turn to page 9 of your testimony,
21 please.

22 A. I have that.

23 Q. At lines 1 to 2 you state that, "The
24 costs of replying to complaints related to the SSO
25 service should be allocated to the SSO customers."

1 Do you see that?

2 A. Yes.

3 Q. And here you're talking about when a
4 customer calls DP&L to ask questions or complain
5 about SSO service, correct?

6 A. About the service, yes.

7 Q. What costs does DP&L incur responding to
8 a telephone call complaint about the SSO?

9 A. The time for the employee to respond to
10 the call, and any additional support that that
11 employee needs to be able to respond to the call.

12 Q. And consistent with the conversation we
13 just had a minute ago, you would not consider those
14 to be additional costs because they are already
15 embedded into the costs that DP&L incurs?

16 A. That's correct. I think it should be an
17 allocated portion of the total costs is what should
18 be allocated to the SSO.

19 Q. What was the cost that DP&L incurred
20 responding to complaints about the SSO during the
21 test year in this case?

22 A. About the SSO? I believe in this case
23 there was \$5.1 million associated with the call
24 center in total. So I would assume that in my
25 calculation that 30 percent of those would have been

1 about the SSO.

2 Q. But DP&L did not itself attribute any
3 portion of that 5.1 million to SSO specifically,
4 correct?

5 A. Not to my knowledge.

6 Q. And when a complaint call was made about
7 the SSO, it's your position that only SSO customers
8 should pay the costs associated with investigating
9 the complaint, correct?

10 THE WITNESS: Can I have the question
11 reread, please?

12 (Question read back.)

13 THE WITNESS: Yes.

14 By Mr. Healey:

15 Q. And so you would agree, then, that if a
16 customer calls with a complaint about CRES service,
17 then the same should follow, correct, that only the
18 CRES customers should pay for the costs of that call?

19 A. They wouldn't respond to the generation
20 portion of it. That call would be referred to the
21 CRES provider.

22 Q. And how do you know that?

23 A. They wouldn't have the answers to it.

24 Q. Do you have personal knowledge of DP&L's
25 call center practices?

1 A. No, but that's just practical
2 information, that practical knowledge. They just
3 simply wouldn't have the detailed knowledge to be
4 able to respond to it.

5 EXAMINER PRICE: But you'd agree the
6 call would go in first to Dayton Power and Light?

7 THE WITNESS: I mean, under his
8 scenario. It could also go -- the CRES customers
9 could call --

10 EXAMINER PRICE: Which do you think is
11 more likely?

12 THE WITNESS: If I know that IGS is
13 supplying me, and I see on my bill that IGS is
14 supplying me and I'm having a problem, I'm calling
15 IGS.

16 EXAMINER PRICE: In the event it goes to
17 Dayton Power and Light, they will incur some cost
18 just referring it on to IGS?

19 THE WITNESS: Yes, as the CRES would in
20 referring their calls to the distribution company.
21 Trying to be comparable rates.

22 EXAMINER PRICE: I understand what
23 you're saying. You think the CRES supplier incurs
24 costs if they receive calls about the SSO service?

25 THE WITNESS: They wouldn't receive a

1 call about SSO, but they could receive a call about
2 the distribution service; the lights are out.

3 EXAMINER PRICE: Have you ever done any
4 analysis of the number of CRES calls related to
5 distribution service?

6 THE WITNESS: No.

7 EXAMINER PRICE: Okay.

8 By Mr. Healey:

9 Q. Let's move to page 14 of your testimony,
10 please.

11 A. I have that.

12 Q. At line 11 you state that, "There are
13 many costs Dayton incurs through the distribution
14 company that are required to administer and support
15 SSO service and should be unbundled and allocated to
16 the non-shopping customers." Do you see that?

17 A. Yes. These are the costs associated
18 with the services I detail earlier in my testimony.

19 Q. And just so I'm clear, when you say
20 "Dayton" here, you're talking about Dayton Power and
21 Light, correct?

22 A. Yes.

23 Q. And when you use the phrase "unbundled
24 and allocated to the non-shopping customer", you're
25 saying that these costs should be paid exclusively by

1 customers on the SSO, correct?

2 A. Yes.

3 Q. On page 14 --

4 A. Just so it's clear, these are the types
5 of costs that I believe need to be refunctionalized
6 to the standard service offer customer, the types of
7 costs to support the services that I detail earlier
8 in my testimony.

9 Q. On page 14, line 14, you identify one of
10 these costs as, "Call center infrastructure and
11 employees to maintain appropriate customer service
12 and customer complaints for SSO customers," correct?

13 A. Yes.

14 Q. And you're not under the impression that
15 DP&L has a separate call center only for SSO issues,
16 correct?

17 A. I'm not aware.

18 Q. And on page 14, line 16, the next bullet
19 point is, "Printing and postage to communicate with
20 SSO customers." You agree that DP&L also incurs
21 printing and postage costs to communicate with
22 shopping customers, correct?

23 A. About the distribution service, or about
24 the -- their CRES -- their CRES service?

25 MR. HEALEY: Can I have the question

1 reread, please.

2 (Question read back.)

3 By Mr. Healey:

4 Q. I don't have any clarification. If you
5 don't understand the question I can try to rephrase.

6 A. I don't understand the question. Are
7 you referring to when they communicate with a
8 shopping customer are they communicating with the
9 distribution service, or they are communicating with
10 their CRES service?

11 Q. I'm referring to any and all
12 communications with shopping customers that might
13 result in the incurrence of printing and postage
14 costs.

15 MR. OLIKER: Your Honor, I would object
16 because the question is vague, and Mr. Hess asked for
17 a clarification that counsel hasn't given.

18 MR. HEALEY: Your Honor, there's nothing
19 to clarify. I'm asking if there are any costs for
20 printing and postage in any context to CRES
21 customers.

22 I don't chose to compartmentalize it
23 into different versions and different types of
24 postage and type of mailings. That may be the
25 question that Mr. Oliker would like me to ask, but

1 it's a clear question with an objective answer and
2 I'm asking the witness.

3 EXAMINER SCHABO: Please answer the
4 question.

5 THE WITNESS: I'm sure they communicate
6 about the distribution service.

7 By Mr. Healey:

8 Q. And they incur cost for postage?

9 A. Yes.

10 Q. Do you know the total dollar amount of
11 postage that DP&L incurs for communicating with SSO
12 customers as compared to CRES customers?

13 A. I don't.

14 Q. On page 14, at line 17 you mention
15 accounting infrastructure and employees. You don't
16 believe that DP&L has accounting employees who work
17 exclusively on SSO issues, do you?

18 A. I don't know the answer to that.

19 Q. And on page 14, line 20, you refer to IT
20 employees, infrastructure, and software. Do you
21 believe that DP&L has IT employees that work solely
22 on SSO issues?

23 A. I don't know the answer to that.

24 Q. And on page 14, line 25, you refer to
25 outside and inside legal, regulatory, and compliance

1 personnel. Do you believe that DP&L has employees
2 whose job is limited exclusively to compliance with
3 the regulatory rule requirements for SSO?

4 A. I don't know the answer to that, either,
5 that's why I'm recommending an allocation
6 methodology.

7 Q. Let's move on to page 17, please. At
8 line 8 you begin to describe the calculation you made
9 and you say, "I divided Dayton's SSO revenue by
10 Dayton's total revenue collected from customers to
11 get the revenue allocation factor." Do you see that?

12 A. Yes.

13 Q. What was the source of your SSO revenue
14 numbers?

15 A. The description I have is DPL-AIR
16 0009090, and then below that it's IGS First Set
17 Interrogatory 1 Attachment.

18 Q. So you got that information from the
19 discovery request that IGS served on the company?

20 A. I believe so, yes.

21 Q. And did you attach that discovery
22 response to your testimony?

23 A. No.

24 Q. You were just reading the various
25 numbers. Are you reading that off something in front

1 of you other than your testimony?

2 A. My supporting workpaper to my
3 calculation, which was included in my spreadsheet.

4 Q. And what was the time period for those
5 SSO revenue numbers that you used?

6 A. It's not marked on the response. I
7 believe, from memory, I think it was 2016.

8 Q. Let's move to page 18 of your testimony,
9 please.

10 A. I have that.

11 Q. At line 5 you say, "A utility company's
12 revenues provide a proxy for and generally mirror the
13 costs that are required to provide the utility
14 service to various customer categories." Do you see
15 that?

16 A. Yes.

17 Q. And what analysis did you do to
18 determine that a company's revenues provide a proxy
19 for and generally mirror the costs?

20 A. It's my general understanding of what
21 revenues are. The revenue is the result of a revenue
22 requirement, which is a result of operating expenses
23 plus rate of return on investment, which is the end
24 result of the cost of service allocation
25 methodologies to create those rates. It's generally

1 considered a general allocator. It is considered a
2 general allocator.

3 Q. Considered by whom?

4 A. By the industry.

5 Q. If we assume that the cost of providing
6 service goes up by ten percent, did you do any
7 analysis to determine the amount by which the
8 revenues would also increase?

9 MR. OLIKER: Objection -- can have I
10 that question read back again before I object?

11 (Question read back.)

12 MR. OLIKER: I think the question is
13 vague, if you want to try to restate it, counsel, but
14 as stated, your Honor, I don't believe the witness
15 can answer that.

16 MR. HEALEY: Your Honor, the witness is
17 testifying that there is some kind of proxy or
18 correlation between revenues and costs, and I'm
19 asking him if he did any calculations to show what
20 that correlation is, and give him a basic example
21 using ten percent as one of the numbers.

22 So I think he should be able to answer
23 whether he did or didn't do the analysis.

24 MR. OLIKER: But there are at least two
25 different variables in there that are not defined.

1 I'm afraid if the witness tries to answer that
2 question --

3 MR. HEALEY: He uses the words revenues
4 and the costs that are required to provide the
5 utility service.

6 EXAMINER SCHABO: Mr. Hess, did you
7 understand the question?

8 THE WITNESS: I did, but I can't answer
9 it. There's too many variables.

10 If the cost of service goes up -- I'm
11 not sure what you mean by cost of service, what costs
12 went up. And are we filing a new distribution rate
13 case to adjust the rates to comply with that
14 distribution, or that cost increase?

15 Are the rates going to reflect it? What
16 do you mean by cost of service increase of ten
17 percent? However, just -- --

18 MR. HEALEY: I can reask the question.
19 By Mr. Healey:

20 Q. You used the phrase in your testimony on
21 page 18, Line 6, "costs that are required to provide
22 the utility service to various customer categories",
23 correct?

24 A. Yes.

25 Q. Let's assume that the -- and I'm going

1 to quote it. "Costs that are required to provide the
2 utility service to various customer categories
3 increase by ten percent," did you do any analysis to
4 determine by how much the revenues, as you use that
5 word at the beginning of line 6, would also go up?

6 A. Well, where are we in a distribution
7 rate case? I assume that if the costs go up by ten
8 percent, the utility company is filing for an
9 increase in distribution rates or rates under
10 whatever scenario. So are you assuming then that
11 the -- that the revenues haven't increased, that the
12 costs have just gone up?

13 Q. I'm asking if you did any analysis --

14 A. And we can probably shortcut the whole
15 thing by no, I didn't do any analysis to assume any
16 increases in any costs of service.

17 Q. That was much easier. Let's move on to
18 Exhibit JEH-2, please.

19 A. Yes, sir, I have that.

20 Q. And I'm going to focus for a moment on
21 the second column from the right called "SSO
22 Allocated Expenses."

23 Generally speaking, in this column
24 you're assigning certain costs in each of these FERC
25 accounts to SSO customers, correct?

1 A. Correct.

2 Q. And if your two rider proposal were
3 adopted, it would effectively make it so that the
4 costs in this column are only paid by SSO customers
5 and not CRES customers, correct?

6 A. Correct.

7 Q. And under your proposal, I think we
8 discussed earlier the riders that you're proposing
9 would be trued up every six months?

10 A. Yes.

11 Q. And so the numbers in this SSO allocated
12 expenses column would change as a result of those
13 true-ups, correct?

14 A. That is correct.

15 Q. And for example, in the allocation
16 method column you use "CUST". That refers to
17 customer, correct?

18 A. The customer allocation methodology,
19 yes.

20 Q. So to the extent the ratio of CRES to
21 nonCRES customers changes, that allocation would
22 change also, and then as a result the numbers in the
23 SSO allocated expenses column would change, correct?

24 A. That is correct.

25 Q. And taking this to the logical extreme,

1 if a hundred percent of customers were to shop, then
2 the entire SSO allocated expenses column would all
3 become zeros, right?

4 A. That is correct.

5 Q. I'd like to look now -- there's a couple
6 numbers at the bottom of -- no, we'll skip that,
7 actually.

8 Do you have a copy of the Stipulation in
9 front of you?

10 A. I do.

11 Q. Can you turn to page 5, please?

12 A. Yes, sir, I have that.

13 Q. And paragraph 5 provides that while --
14 I'll just read it so you can follow along. And I'll
15 just start at the second sentence.

16 It says, "In calculating the Stipulated
17 Operating Income, the Signatory Parties implemented
18 the following adjustments to the recommendations in
19 the Staff Report regarding DP&L's operating
20 expenses." Did you see that?

21 A. Yes.

22 Q. And then those various adjustments are
23 found on page 6?

24 A. I see those, yes.

25 Q. Did you account for any of these

1 adjustments when you made your allocations in any of
 2 the exhibits to your testimony?

3 A. I did not. It's based upon the Staff
 4 Report.

5 Q. Let's look at Exhibit JEH-3 now, please,
 6 to your testimony.

7 A. I have that.

8 Q. And there's a number at the bottom,
 9 "Revenue Requirement Impact, 163,876". Can you tell
 10 me what that number represents?

11 A. It's the return of the associated plant
 12 to provide the service.

13 Q. And is that the amount that, under your
 14 proposal, is going to be shifted to the SSO
 15 customers?

16 A. Yes.

17 Q. And so the same as with JEH-2, if a
 18 hundred percent of customers were to shop, then that
 19 163,876 would go down to zero, correct?

20 A. That is correct, yes.

21 Q. And right above that 163- number is
 22 something marked as "Staff's GRCF". That's gross
 23 revenue conversion factor, correct?

24 A. That is correct.

25 Q. And you use a 1.5497320?

1 A. Yes.

2 Q. Is that the number from the Staff
3 Report?

4 A. It should be, yes.

5 Q. And you understand that under the
6 Stipulation, a lowered gross revenue conversion
7 factor is being used, correct?

8 A. Again, I based these calculations on the
9 Staff Report.

10 Q. So you did not update this -- the GRCF
11 in your analysis to account for the fact that there's
12 a different gross revenue conversion factor under the
13 Stipulation?

14 A. I did not.

15 Q. And right above that it says "Staff's
16 midpoint Rate of Return (net of tax) 6.06 percent."
17 Can you tell me how you got that number?

18 A. It's from the Staff Report; I calculated
19 the midpoint.

20 Q. Do you have a copy of the Staff Report
21 in front of you?

22 A. I do.

23 Q. Can you turn to page 18, please?

24 A. Am I not explaining that calculation to
25 you anymore?

1 Q. We're going to continue with that.

2 A. Okay.

3 Q. So the top of page 18 of the Staff
4 Report, and you're on the page marked "Rate of
5 Return", correct?

6 A. Yeah.

7 Q. And the first sentence says, "Staff
8 recommends a rate of return in the range of 7.33
9 percent to 7.82 percent." Do you see that?

10 A. Yes.

11 Q. So can you tell me how you got to a 6.6
12 percent midpoint?

13 A. It's net of tax. I took what the
14 difference would be between the midpoints, would be
15 that the equity -- I'm sorry, the debt portion of it
16 would be times 65 percent. It flows through the tax
17 benefit of a debt to the customer in revenue
18 requirement calculation. Then I can use a gross
19 revenue conversion factor to gross it up to equate to
20 a revenue amount.

21 Q. And the calculation of that 6.60 percent
22 number, is that found anywhere in your testimony?

23 A. No, it was, again, a part of the
24 supporting schedules in my workpapers.

25 Q. And you're aware that the Stipulation in

1 this case does not adopt a 6.60 percent rate of
2 return, correct?

3 A. Again, I'm not sure that it would have
4 adopted a net of tax 6.6 percent rate of return.

5 Q. So your testimony -- well, let's look
6 back at the Staff Report then. The Staff Report rate
7 of return says it has a range of 7.33 to 7.82
8 percent, correct?

9 A. Yes.

10 Q. And what's the midpoint of those two
11 numbers?

12 A. I'll have to calculate it.

13 Q. I'm sorry?

14 A. I'll have to calculate it.

15 Q. Would you mind doing that?

16 A. Although I turned my little calculator
17 off. I ended up with 7.75 as the midpoint gross of
18 tax. Mine is net of tax.

19 Q. And so your midpoint net of tax took the
20 7.75 number and made a tax calculation and landed on
21 6.6?

22 A. Yes.

23 Q. And are you aware that the stipulated
24 rate of return in the Stipulation is 7.27 percent?

25 A. I'm not aware of that, no.

1 Q. Okay. You said you have a copy of the
2 Stipulation. Can you turn to Exhibit 1, Schedule
3 A-1?

4 A. Can you give me a page reference?

5 Q. It doesn't have a page, it's just
6 Exhibit 1. It's after the signature pages.

7 A. I have that. I see it, 7.27 is the
8 stipulated rate of return.

9 Q. And did you calculate what that would be
10 net of tax?

11 A. I don't have the detail to be able to do
12 that. I would need the debt portion, and the equity
13 portion.

14 Q. You agree, though, with, in your
15 Exhibit JEH-3, the 163,876 number would be different
16 if you were to use the gross revenue conversion
17 factor that's used in the Stipulation, correct?

18 A. Yes.

19 Q. Let's move back to JEH-1, please.

20 A. Yes, sir. I have that.

21 Q. And there's a number at the top,
22 11,399,452. This is the amount under your proposal
23 that would be shifted to the SSO customers, correct?

24 A. That is correct.

25 Q. Is it your testimony that if there were

1 no standard service offer, DP&L would be able to
2 reduce its distribution costs by this amount?

3 MR. OLIKER: Objection.

4 EXAMINER SCHABO: Basis?

5 MR. OLIKER: The question assumes that
6 the costs are distribution costs, which may call for
7 a legal conclusion.

8 EXAMINER SCHABO: Overruled.

9 THE WITNESS: I would refunctionalize
10 these to the standard service offer, but they
11 would -- this is not a revenue requirement issue,
12 this is a cost allocation issue.

13 We're trying to determine how much
14 administrative and processing costs there are to
15 provide \$280 million worth of standard service offer
16 revenues to 257,000 customers. So again, it's not a
17 revenue requirement issue, this is a cost allocation
18 issue to refunctionalize these costs to the standard
19 service offer.

20 By Mr. Healey:

21 Q. So you're not testifying that the
22 revenue requirements in this case is higher as a
23 result of there being a standard service offer,
24 correct?

25 A. I'm not testifying to that. I mean,

1 it's very probable that it is. The risk associated
2 with providing a standard service offer are probably
3 built into a rate of return.

4 EXAMINER PRICE: What risks would those
5 be?

6 THE WITNESS: POLR, provider of last
7 resort. The distribution company is on -- is
8 required to provide the service.

9 EXAMINER PRICE: Is the POLR risk
10 currently on the wholesale providers of the standard
11 service offer in Dayton?

12 THE WITNESS: It's still the
13 responsibility of the distribution company to provide
14 the service.

15 EXAMINER PRICE: So there's
16 uncompensated risk, is what you're saying --

17 THE WITNESS: The rate of return --

18 EXAMINER PRICE: Let me finish,
19 Mr. Hess.

20 Even if the utility passes through all
21 the risks of -- POLR risk through to -- the wholesale
22 providers did of the service, you're saying there's
23 some additional risk beyond that?

24 THE WITNESS: Sure, what if one of the
25 SSO providers files bankruptcy, one of the SSO

1 providers goes out of business? The risk then is on
2 the distribution company to -- the law says the risk
3 is on the distribution company to provide that
4 service, so there are risks associated with that.

5 EXAMINER PRICE: Do they not -- and
6 bankruptcy, which would be shocking to a wholesale
7 provider in this state to declare bankruptcy --

8 THE WITNESS: That's my point.

9 EXAMINER PRICE: Do the utilities not
10 collect collateral from the wholesale provider?

11 THE WITNESS: They probably do.

12 EXAMINER PRICE: And wouldn't the
13 bankruptcy court allow them to continue to provide
14 that collateral?

15 THE WITNESS: I have no answer to that.

16 EXAMINER PRICE: Thank you.

17 By Mr. Healey:

18 Q. Let's look back at your JEH-1. There's
19 two tables on this page, correct?

20 A. Yes.

21 Q. And each of these tables pertains to one
22 of your two proposed riders, correct?

23 A. That is correct.

24 Q. And the first one would be the credit
25 rate that all customers receive, and the second one

1 would be the charge only to SSO customers?

2 A. The avoidable charge, that is correct.

3 Q. And at the bottom of the first table
4 there's a row called "Total KWH Sales". Do you see
5 that?

6 A. Yes.

7 Q. And it's about 5.1 billion for
8 residential?

9 A. Yes.

10 Q. And then the second table, there's --
11 the bottom row is "Non-Shopping MWH Sales", about
12 2.76 billion for residential. Do you see that?

13 A. Yes.

14 Q. Can you explain to me why one of these
15 is in kWh and one is in MWH?

16 A. They are both in kWh. The non-shopping
17 should be in K -- that's a mistake on the schedule,
18 mislabeled.

19 Q. On the second table there's a row for
20 non-shopping customers, and you note there are
21 256,217 for residential class, correct?

22 A. I'm sorry. Ask me that again.

23 Q. Sure. On the second table -- I'll go
24 ahead.

25 On the second table you cite the number

1 of non-shopping customers residential as 256,217,
2 correct?

3 A. Yes.

4 Q. And that was the number of non-shopping
5 customers as of March 31, 2016?

6 A. Yes, I believe that's correct.

7 Q. And you're aware that there's more
8 recent data on shopping statistics available,
9 correct?

10 A. Yes.

11 Q. Let's go back to JE -- we're still on
12 JEH-1. At the top there, there's a line that says
13 "From JEH-2". Do you see that?

14 A. Yes.

15 Q. And the number there is 11,235,576?

16 A. Yes.

17 Q. Can you turn to JEH-2, please? The
18 bottom number in the SSO allocated expenses column on
19 JEH-2 is a different number, 11,234,677. Can you
20 explain the discrepancy?

21 A. Yeah. Actually I think the proper
22 number is 11,235,576. I don't think JEH-2 was the
23 one that should have been filed. I changed the
24 allocation methodologies for Account 909 and 910 from
25 revenues to customers, and that should account for

1 the difference.

2 Q. But that's not reflected in your
3 testimony?

4 A. It's not -- again, JEH-2 was updated. I
5 don't think this is the updated schedule.

6 Q. And when your counsel asked you at the
7 beginning of the examination today if you had any
8 changes, you said no?

9 A. I said no change. I hadn't caught that
10 change.

11 MR. OLIKER: Your Honor, for purposes of
12 the record we'll be happy to submit an updated
13 schedule. We can present that later.

14 MR. HEALEY: Your Honor, I would object
15 to that. His testimony is what it is. He was given
16 an opportunity to amend it, and if he put the wrong
17 one in, that's on him.

18 And I'd like the record to reflect that
19 he filed the wrong exhibit with his testimony and
20 didn't catch it.

21 EXAMINER PRICE: I think that's pretty
22 clear on the record now.

23 MR. HEALEY: And if they filed the
24 updated one I won't have the opportunity to
25 cross-examine him on how he made those changes or

1 anything like that, so it would be unfair and
 2 prejudicial to OCC.

3 EXAMINER SCHABO: I agree with that.

4 MR. OLIKER: Are you saying he cannot
 5 file an updated version?

6 EXAMINER SCHABO: Correct.

7 MR. HEALEY: That's all I have, your
 8 Honor.

9 EXAMINER SCHABO: Mr. Sharkey?

10 MR. SHARKEY: Yes. Thank you, your
 11 Honor.

12 - - -

13 CROSS-EXAMINATION

14 By Mr. Sharkey:

15 Q. Mr. Hess, as you know, I represent the
 16 Dayton Power and Light Company in this matter.

17 Initially, it's true, isn't it, that
 18 you're not aware of any instance in the country in
 19 which SSO costs have been allocated in a manner that
 20 you recommend here, correct?

21 A. You asked me if I'm not aware of?

22 Q. It's true that you're not aware of any?

23 A. That is correct.

24 Q. You're aware that the auction in DP&L's
 25 service territory, and really throughout Ohio --

1 there's auction managers who were brought in and
2 other people were brought in to assist in the
3 process, correct?

4 A. Generally that's correct, yes. I'm not
5 specifically aware of what went on with Dayton.

6 Q. You don't know who pays the auction
7 manager fees, right?

8 A. Are you asking me do I know who does?

9 Q. Yeah. You don't know?

10 A. I don't know.

11 Q. You understand a distribution company is
12 required to provide SSO service, right?

13 A. Yes.

14 Q. Okay. And that SSO service is therefore
15 a distribution company function, right?

16 A. Yes.

17 MR. OLIKER: Objection, to the extent it
18 calls for a legal conclusion, I mean, what is a
19 distribution function and whether he's referring to
20 distribution service. The question is vague.

21 EXAMINER SCHABO: Could you repeat the
22 question, please?

23 (Question read back.)

24 THE WITNESS: The standard service offer
25 is a distribution company responsibility to file a --

1 to provide a generation service.

2 By Mr. Sharkey:

3 Q. Thank you. You understand that
4 customers who have shopped have the right to switch
5 back to SSO service, correct?

6 A. Yes.

7 Q. SSO service does benefit customers who
8 shopped, right?

9 A. The availability of the SSO service does
10 benefit the customers who have shopped, yes.

11 Q. The legal right of a shopping customer
12 to switch back to SSO service creates risks for the
13 winning bidders of the SSO auctions, correct?

14 A. Are we talking about the come-and-go
15 risk? Yes.

16 Q. And you understand that that switching
17 risk or that come-and-go risk is built into the SSO
18 price that the winning bidders have bid, correct?

19 A. Theoretically it was always assumed that
20 it would be built into that place, yes.

21 Q. Okay. So just so we're sure, the
22 winning bidders at an SSO auction would include a
23 premium associated with the fact that shopping
24 customers could switch back to SSO service in their
25 bids, right?

1 A. Yes; and leave when they want to.

2 Q. I'm going to ask you some questions
3 about DP&L's call center, and divide it into sort of
4 two categories of calls.

5 First category of call I would describe
6 as information gathering. Do you know whether
7 customers call DP&L's call center to inquire as to
8 their rights to switch, or what it is that they would
9 need to do to effectuate a switch to a CRES provider?

10 A. I don't know the answer to that.

11 Q. You haven't made any effort to determine
12 the volume of such calls, if any, that the Dayton
13 Power and Light Company gets, right?

14 A. That is correct.

15 Q. Similarly, let's talk about complaint
16 calls. You don't know whether the Dayton Power and
17 Light Company receives phone calls from shopping
18 customers complaining about their CRES charges on
19 their bill, do you?

20 A. I don't know the answer to that. I
21 assume they do.

22 Q. You haven't made any effort to determine
23 the amount of such costs or calls, if any, correct?

24 A. I have not, no.

25 Q. IGS and RESA have raised this issue of

1 whether shopping customers are supporting SSO
 2 customers in other cases, correct?

3 A. That's correct.

4 Q. And it's true, isn't it, in this case
 5 that you're not aware of any shopping customers who
 6 have raised this issue?

7 A. Yeah, I don't know the answer to that.

8 Q. You're not aware of any shopping
 9 customers who have raised this issue in this case,
 10 correct?

11 A. I don't know the answer to it, yes.

12 (Pause.)

13 MR. SHARKEY: No further questions, your
 14 Honor.

15 EXAMINER PRICE: Mr. McNamee?

16 MR. MC NAMEE: No questions, your Honor.
 17 Thank you.

18 EXAMINER SCHABO: Mr. Bojko?

19 MS. BOJKO: No.

20 EXAMINER SCHABO: Ms. Whitfield?

21 MS. WHITFIELD: No thank you.

22 EXAMINER SCHABO: Ms. Fleisher?

23 MS. FLEISHER: No thank you.

24 EXAMINER SCHABO: Redirect?

25 MR. OLIKER: Your Honor, if we could

1 take two or three minutes.

2 EXAMINER SCHABO: Sure. We'll go off
3 the record until five until 5:00.

4 (Recess taken.)

5 EXAMINER SCHABO: Mr. Oliker.

6 MR. OLIKER: Thank you, your Honor.

7 - - -

8 REDIRECT EXAMINATION

9 By Mr. Oliker:

10 Q. Just a few questions on redirect.

11 Mr. Hess, do you remember questions you received
12 regarding your analysis based upon the Staff Report?

13 A. Yes.

14 Q. And would your recommendation be any
15 different based upon the Stipulation relative to the
16 Staff Report?

17 A. The numbers would change, the
18 methodology wouldn't. Recommend that the columns --
19 columns unadjusted -- on Exhibit JEH-2, now
20 unadjusted distribution would stay the same.

21 The total adjustments would change and
22 the adjusted column would change if it was based on
23 the Stipulation, as would the -- on JEH-3, the plant
24 calculations may change based upon changes in the
25 Stipulation.

1 Q. Okay. And could your analysis be
2 applied to the information contained in the
3 Stipulation?

4 A. Yes.

5 Q. Okay. And do you remember questions
6 received about changes in switching levels?

7 A. Yes.

8 Q. And would the changing in switching
9 levels impact your analysis or recommendation?

10 A. It would update the numbers, it wouldn't
11 change the methodology at all. And theoretically,
12 the numbers on JEH-1, the bottom numbers on that
13 schedule may not change, theoretically.

14 Q. And by the bottom numbers, which numbers
15 do you mean?

16 A. Under the second box, calculation of the
17 avoidable rider to non-shoppers, the .003805 for
18 residential, that number may not change.

19 Q. And last, do you remember counsel for
20 OCC asking you about a discrepancy between the total
21 number on JEH-2, the \$11.234 million relative to
22 Exhibit JEH-1 with the 11.399 number?

23 A. Yes.

24 Q. I'm sorry, I think -- 11.235 number?

25 A. Yeah, we talked about, if I could go

1 back, on JEH-2, the 11,234,677 versus the
2 \$11,235,576.

3 Q. And does the discrepancy or error
4 identified by Mr. Healey have a material impact on
5 the methodology you proposed?

6 A. No, it wouldn't have a material, it's
7 about \$165,000. And by the time we get to the
8 avoidable rate and the credit, that could be lost in
9 rounding.

10 MR. OLIKER: Thank you, your Honor. I
11 have no more questions.

12 MR. HEALEY: A brief recross.

13 - - -

14 RE-CROSS-EXAMINATION

15 By Mr. Healey:

16 Q. On the last issue, Mr. Hess, you just
17 stated that the -- if the error you made were
18 corrected, that the rates could be lost in a
19 rounding, was that correct, the change in the rates?

20 A. Correct. Yes.

21 Q. But you've not actually calculated what
22 the correct rates would be?

23 A. I have not.

24 MR. HEALEY: That's all, your Honor.

25 MR. SHARKEY: No further questions, your

1 Honor.

2 MR. OLIKER: Thank you, your Honor --

3 EXAMINER PRICE: I'm not passing on this
4 one. Do you have a copy, Mr. Hess, of IGS Exhibit 2
5 on the stand?

6 THE WITNESS: If you'll tell me what it
7 is.

8 MR. OLIKER: Amended Stipulation and
9 Recommendation for 95-ELS.

10 THE WITNESS: I did not print out a copy
11 of that, no.

12 EXAMINER PRICE: Mr. Oliker, could you
13 provide him with a copy of that? It's okay. He can
14 use mine.

15 MR. SHARKEY: Your Honor, it's in the
16 binder that we placed on the witness stand, I
17 believe, or Exhibit 7, I think.

18 - - -

19 EXAMINATION

20 By Examiner Price:

21 Q. Have you seen this document before?

22 A. Yes.

23 Q. Have you read the document?

24 A. Yes.

25 Q. Awesome. If you could turn to your

1 testimony, page 5, line 17, you use the term --

2 A. Could you give me a second to get there?

3 Q. Sure.

4 A. I have that, yes.

5 Q. You use the term allocating costs to
6 cost causers; is that correct?

7 A. Yes.

8 Q. And that's the fundamental principal
9 behind your testimony, cost causation; is that
10 correct?

11 A. Yes.

12 Q. And so you believe that costs incurred
13 by SSO customers should be paid by SSO customers; is
14 that correct?

15 A. That is correct, and as it stands now
16 it's at zero to administer and process.

17 Q. Would you also agree that costs incurred
18 by retail shopping customers should be paid by retail
19 shopping customers?

20 A. Well, we have been through this, and
21 you'll have to be more specific about what you're
22 talking about. To some --

23 Q. I can do that.

24 A. Okay.

25 Q. Can you turn back to RESA Exhibit -- IGS

1 Exhibit 2?

2 A. That's the Stipulation in the last SSO
3 case?

4 Q. Yes. Turn to page 21, "Retail Market
5 Enhancements". And in the paragraph 9.1 we're
6 talking about noncommodity billing; is that correct?

7 A. Yes.

8 Q. And about six or seven lines down it
9 says, "DP&L will be permitted to seek cost recovery
10 associated with providing noncommodity billing in
11 part from CRES providers and other third parties and
12 ratepayers equally in another proceeding"; is that
13 correct?

14 A. Yes.

15 Q. So if the Commission were to adopt your
16 proposal, it would be fair for the Commission to
17 reallocate all the costs of noncommodity billing --
18 implement noncommodity billing, to CRES providers or
19 retail shopping customers, would it not?

20 A. No.

21 Q. Why not?

22 A. Because to some extent distribution
23 companies would -- or all distribution companies'
24 customers would benefit from something like this.
25 They benefit from shopping.

1 Q. But you told Mr. Sharkey earlier that
2 retail shopping customers benefit from the SSO.

3 A. The availability of the SSO.

4 Q. And --

5 A. And the availability --

6 Q. And standard service offer customers
7 benefit from the availability of retail shopping; is
8 that correct?

9 A. And standard service offer --

10 Q. -- customers -- in the same way that
11 retail customers benefit from the availability -- or
12 get this straight -- that non-shopping customers
13 benefit from the availability of retail shopping,
14 likewise shopping customers benefit from the
15 availability of SSO?

16 A. That is correct.

17 Q. That is correct. So I'll ask you again,
18 in light of that principal, it would be fair for the
19 Commission to reallocate the costs of noncommodity
20 billing away from non-shopping customers to shopping
21 customers and/or CRES providers; isn't that true?

22 A. I'm not even sure what noncommodity
23 billing is, to tell you the truth.

24 Q. I believe noncommodity billing is
25 nonretail electric service billing.

1 A. Okay. And your question is should they
2 allocate that away from --

3 Q. Non-shopping customers to CRES providers
4 and other shopping customers in the same cost
5 causation principle?

6 A. Not -- not to the extent that the other
7 set of customers don't have that available to them.

8 Q. Okay.

9 A. They eventually will have that available
10 to them.

11 Q. Let's turn then to 23.

12 A. Of the SSO?

13 Q. No, of your -- of the Stipulation, in
14 IGS 2?

15 A. The Stipulation in the SSO case; is that
16 correct?

17 Q. Yes.

18 A. All right.

19 Q. Page 23, Subsection F. And if you --
20 why don't you review that, and at least as far as
21 DP&L's ability to recover its share of supplier
22 consolidated billing from customers; it will be
23 on 24.

24 So would you agree that the Stipulation
25 authorizes Dayton Power and Light to recover some

1 portion of the cost of implementing supplier
2 consolidated billing to non-shopping customers,
3 according to the Stipulation?

4 A. Yes, because they could at some point in
5 time benefit from it.

6 Q. And so you would agree under your -- the
7 principals of cost causation it would be fair for the
8 Commission, if they adopt your proposal, to
9 reallocate all the costs of implementing supplier
10 consolidated billing to CRES providers and shopping
11 customers?

12 A. No, because the non-shopping customers
13 could benefit from this at some point in time.

14 Q. I'm having trouble understanding how you
15 distinguish the non-shopping customers benefitting
16 from potentially shopping and therefore contributing
17 to costs, and shopping customers having the ability
18 to return to the SSO and therefore contributing to
19 the costs.

20 Can you explain to me why I should not
21 view these two things equally, or why the
22 Commission -- more importantly than me, why the
23 Commission should not view these two situations
24 equally?

25 A. So your question is you believe that all

1 of the costs -- is this the -- the pilot program
2 we're talking about, or are we talking about the
3 implementation of the full program?

4 Q. Right now we're talking about supplier
5 consolidated billing, the pilot program.

6 A. The cost of the pilot program?

7 Q. Right.

8 A. Because at some point in time all
9 customers could benefit from this.

10 Q. No, what I'm asking you is, can you
11 explain why your principals are not being applied
12 inequitably where you say shopping customers may
13 benefit -- shopping customers, although they may
14 benefit from returning to SSO, should not be required
15 to pay any of the SSO costs, while non-shopping
16 customers, because they may -- because they may shop,
17 should be obligated to pay part of the cost of
18 implementing shopping?

19 A. Did you ask me if the SSO customer is
20 not required to pay any of the --

21 Q. I asked you if you would agree that
22 under the Stipulation, that the SSO customers will
23 pay, in part, the costs of the supplier consolidated
24 billing.

25 A. Mr. Price, I wasn't a party to this

1 whole supplement. I really don't know how this all
2 got worked out.

3 Q. That's fair. Let's talk about way back
4 when, Senate Bill 3. You were a member of the Staff
5 and worked on the electric transition plans for the
6 then -- depending on how you want to number it --
7 five or eight EDUs in the State?

8 A. They were eight plans filed, yes.

9 Q. And you also were a member of the Staff
10 and worked on the case, the rate stabilization case,
11 is that correct?

12 A. That is correct.

13 Q. And in those cases there was the
14 recovery of -- the recovery of costs. One of the
15 issues was recovery of costs to implement utility
16 consolidated billing; is that correct?

17 A. I don't remember that.

18 Q. You don't recall that?

19 A. I don't recall.

20 Q. Do you recall whether the Commission
21 generally ordered all ratepayers to share in the
22 recovery of supplier consolidated billing?

23 A. I don't remember.

24 Q. Okay. Did you perform any analysis in
25 your testimony today as to whether there still are

1 costs of implementing utility consolidated billing
 2 embedded in DP&L's rates?

3 A. I don't know the answer to that, no.

4 EXAMINER PRICE: Okay. Thank you,
 5 Mr. Hess. Pleasure seeing you again.

6 THE WITNESS: Thank you. Pleasure to
 7 see you again, too.

8 EXAMINER PRICE: He got the last word.

9 THE WITNESS: I won't get the last word.
 10 I never have with you.

11 EXAMINER SCHABO: Mr. Oliker, would you
 12 like to move your exhibits?

13 MR. OLIKER: Unless I'm permitted
 14 additional redirect, your Honor.

15 EXAMINER SCHABO: Not if I value my job.

16 EXAMINER PRICE: She knows the official
 17 practice, we're last, there's no followup.

18 MR. OLIKER: I would move the admission
 19 of Mr. Hess' testimony which has been marked as RESA
 20 IGS 2.

21 EXAMINER SCHABO: Are there any
 22 objections? Seeing none, it will be admitted.

23 (EXHIBIT ADMITTED INTO EVIDENCE.)

24 EXAMINER PRICE: Let's go off the
 25 record.

1 (Discussion off the record.)

2 EXAMINER PRICE: Let's go back on the
3 record.

4 Mr. McNamee.

5 MR. MC NAMEE: Yes, your Honor, it's
6 come to my attention, actually during Mr. Hess'
7 cross-examination, that there is a problem with the
8 testimony that was distributed for Chuck Goins. A
9 paragraph was omitted from that testimony, and we
10 would like to take the opportunity to correct that.

11 I have with me a new version that has
12 the omitted paragraph in it that I would like to
13 distribute and docket in the case. I apologize for
14 this.

15 I think the omission would have been
16 caught more quickly, but unfortunately Mr. Goins was
17 on vacation last week and only returned this morning,
18 I believe, and so that's where we are.

19 EXAMINER PRICE: That's where we are.
20 Please distribute the testimony.

21 MR. MC NAMEE: Certainly.

22 EXAMINER PRICE: Is it only one
23 question?

24 MR. MC NAMEE: It's actually the tail
25 end of an answer, but it's a paragraph at the end of

1 an existing question.

2 EXAMINER PRICE: If anybody needs more
3 than just tonight we can take Mr. Goins on Wednesday,
4 even if we're otherwise done with all the other
5 witnesses.

6 MR. MC NAMEE: It's still not very long,
7 frankly.

8 EXAMINER PRICE: And you'll docket this
9 today or tomorrow? It's already docketed.

10 MR. MC NAMEE: A little sooner than I
11 would have thought.

12 EXAMINER PRICE: Anything else we need
13 to address before we adjourn for the evening?

14 MR. SHARKEY: Not from the company, your
15 Honor.

16 EXAMINER PRICE: We're adjourned. Go
17 off the record.

18 (Thereupon, the hearing was
19 adjourned at 5:18 p.m.)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, July 23rd, 2018, and carefully compared with my original stenographic notes.

Valerie Grubaugh,
Registered Merit
Reporter and Notary Public
in and for the State of
Ohio.

My commission expires August 11, 2021.

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Case No(s). 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA

Summary: Transcript in the matter of the Dayton Power and Light hearing held on 07/23/18 - Volume I electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Grubaugh, Valerie