

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren :  
Energy Delivery Ohio, Inc. for Approval of : Case No.18-0049-GA-ALT  
An Alternative Rate Plan. :

In the Matter of the Application of Vectren :  
Energy Delivery Ohio, Inc. for Approval of : Case No.18-0298-GA-AIR  
An Increase in Gas Rates. :

In the Matter of the Application of Vectren :  
Energy Delivery Ohio, Inc. for Approval of : Case No.18-0299-GA-ALT  
An Alternative Rate Plan. :

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**DIRECT TESTIMONY OF JAMES L. CRIST, P.E.**

**ON BEHALF OF**

**THE RETAIL ENERGY SUPPLY ASSOCIATION**

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**January 17, 2019**

1    **I.    BACKGROUND**

2    **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS, AND ON**  
3    **WHOSE BEHALF YOU ARE TESTIFYING?**

4    A.    I am James L. Crist, President of Lumen Group, Inc., a consulting firm  
5    focused on regulatory and market issues. My business address is 4226  
6    Yarmouth Drive, Suite 101, Allison Park, Pennsylvania, 15101. I am  
7    presenting testimony on behalf of the Retail Energy Supply Association  
8    ("RESA").

9    **Q.    DO YOU HAVE ANY QUALIFICATIONS OR OTHER SPECIALIZED**  
10    **KNOWLEDGE THAT WOULD ASSIST THIS COMMISSION IN ITS**  
11    **DELIBERATIONS IN THIS CASE?**

12    A.    Yes.

13    **Q.    WHAT IS YOUR EDUCATIONAL BACKGROUND?**

14    A.    I have a B.S. in Chemical Engineering from Carnegie Mellon University and  
15    an MBA from the University of Pittsburgh. Additionally, I am a Registered  
16    Professional Engineer in the Commonwealth of Pennsylvania.

17    **Q.    BRIEFLY DESCRIBE YOUR RELEVANT BUSINESS QUALIFICATIONS.**

18    A.    I have run a consulting practice for the past 22 years focused on regulated  
19    and deregulated energy company strategy, market strategy, and regulatory  
20    issues. During 2004 and 2005, I undertook a consulting assignment as the  
21    Vice President of Consumer Markets for ACN Energy. ACN is a gas and  
22    electric supplier that is active in eight states. Prior to my consulting practice,  
23    I worked at three major energy companies for a total of 19 years. Most  
24    recently, I was Vice President of Marketing for Equitable Resources, Inc. In

1       that function, I was responsible for the development of the company's  
2       deregulated business strategy.

3       Prior to that, I was Vice President of Marketing for Citizens Utilities  
4       Company ("Citizens"), responsible for gas, electric, water and wastewater  
5       marketing activities in several service territories within the United States.

6       The gas and electric utility operations were in Vermont, Louisiana, Arizona,  
7       Colorado, and Hawaii. Under my direction, Citizens initiated commercial  
8       and industrial transportation and supply services at its gas operation in  
9       Arizona. As a consultant for Citizens, I designed a demand response  
10      program for its electric operations in Arizona.

11      Before that, during 1988 through 1994, I was the Marketing Director at the  
12      Peoples Natural Gas Company ("Peoples") where I was actively involved in  
13      many gas transportation programs as the company relaxed transportation  
14      requirements so that customers would have supply choices.

15      From 1977 through 1988, at Consolidated Natural Gas and the East Ohio  
16      Gas Company, I held several engineering and technical management  
17      positions encompassing work on energy conversion technology, coal  
18      gasification, and combined heat & power ("CHP") systems. I have  
19      conducted training sessions on CHP for the Gas Technology Institute  
20      ("GTI") and the Association of Energy Engineers, and served as a Project  
21      Advisor on GTI's Cogeneration Advisory Committee.

1 In summary, I have considerable experience in several states involving  
2 residential, commercial, and industrial customer utility issues, energy  
3 procurement and industry restructuring programs.

4 In addition to my current consulting practice, I am a Visiting Faculty Scholar  
5 at the Katz Graduate School of Business at the University of Pittsburgh.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS PUBLIC UTILITIES**  
7 **COMMISSION?**

8 A. No, however, I have appeared before regulatory commissions in  
9 Pennsylvania, Arizona, Illinois, New Mexico, Maryland and the U.S. Virgin  
10 Islands. I have provided testimony in several gas and electric regulatory  
11 proceedings on a variety of issues relating to energy procurement, industry  
12 restructuring, and demand response. A list of my recent appearances is  
13 attached as Exhibit JC-1.

14 **Q. WOULD YOU DESCRIBE THE RETAIL ENERGY SUPPLY**  
15 **ASSOCIATION?**

16 A. Founded in 1990, RESA is a broad and diverse group of retail energy  
17 suppliers dedicated to promoting efficient, sustainable and customer-  
18 oriented competitive retail energy markets. RESA members operate  
19 throughout the United States delivering value-added electricity and natural  
20 gas services at retail to residential, commercial and industrial energy  
21 customers.

22 **II. PURPOSE OF TESTIMONY**

23 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY AT THIS TIME?**

24 A. The purpose of my testimony is to address the Stipulation and

1 Recommendation marked as Joint Exhibit 1.0 (“Stipulation”).

2 **Q. WHAT ARE THE STIPULATION PROVISIONS THAT YOU WILL**  
3 **DISCUSS?**

4 A. I will review the following items in section 15, Marketer and Supplier  
5 Provisions, of the Stipulation:

- 6 ○ Supplier Choice Offer (“SCO”) Supplier Coordination Issues;
- 7 ○ Exit the Merchant Function;
- 8 ○ Billing Enhancements;
- 9 ○ Top 25 Percent List;
- 10 ○ Customer Peak Day Information; and
- 11 ○ Customer Choice and Billing Upgrades to the ETC Rider.

12 **III. MARKETER AND SUPPLIER PROVISIONS IN JOINT EXHIBIT 1.0**

13 **Q. PLEASE DESCRIBE THE SCO SUPPLIER COORDINATION**  
14 **PROVISIONS AGREED UPON AS OUTLINED IN THE STIPULATION.**

15 A. Unlike Choice, where a customer actively chooses their supplier, the SCO  
16 customers are assigned a supplier by Vectren Energy Delivery of Ohio, Inc.  
17 (“Vectren” or “the Company”). The Stipulation provides that the Company’s  
18 call center will transfer a call from an SCO customer to that customer’s  
19 supplier when the Company determines that the customer has specific  
20 questions about their SCO. Customers, even if they are served by a  
21 supplier, will likely call the Company’s call center and not the supplier’s call  
22 center for a variety of reasons. Some of these reasons are that the  
23 Company has superior name recognition, has served the customer for

1 multiple years as it is the sole natural gas distribution utility in the franchise  
2 area and is the billing entity for SCO suppliers. It makes sense that, once  
3 the Company's customer service representative in its call center engages  
4 in a discussion with the customer and learns that the customer's inquiry is  
5 related to an SCO topic, and not a distribution company issue such as a gas  
6 leak, that customer be transferred to their SCO supplier. This can be  
7 considered a "hot transfer" as the customer will remain on the phone and  
8 not have to redial or traverse through a call center menu. This term of the  
9 Stipulation benefits the Company by providing a seamless service to  
10 customers, benefits the SCO supplier by improving their ability to receive a  
11 customer inquiry, and benefits the customer by promptly directing them to  
12 the appropriate SCO supplier to address their question.

13 **Q. WHAT ASPECT OF THE SCO SUPPLIER COORDINATION ISSUE WILL**  
14 **THE STAFF FULFILL?**

15 A. SCO suppliers are required to send a welcome letter to their customers that  
16 would explain the terms of the SCO and provide the supplier's contact  
17 information to enable customers to follow up with any questions. The  
18 Stipulation will have the Staff inquire of the SCO suppliers to determine if  
19 the suppliers are indeed providing welcome letters currently. The results of  
20 the Staff's inquiry will be made available to the signatory parties. This  
21 benefits the Company and benefits customers by serving as a check that  
22 customers are being provided with information that is beneficial to  
23 customers.

1   **Q.    WILL YOU DESCRIBE THE EXIT THE MARKET FUNCTION**  
2   **PROVISIONS IN THE STIPULATION?**

3   A.    It is important that the Company make progress toward the complete exit of  
4       the merchant function and focus solely on its role as the exclusive  
5       distribution utility of natural gas to customers. The Stipulation specifies that  
6       the Company and the interested parties will conduct meetings to discuss  
7       such an exit. Specifically, the first meeting will be within 120 days of the  
8       approval of the Stipulation, and there will be at least three meetings  
9       annually. While I preferred that the Company proceed with its exit as an  
10      outcome of this rate case, I expect the meetings will allow participants to  
11      work through any concerns and develop a sound plan for the exit that will  
12      benefit consumers by its thoroughness. The meetings are a good first step  
13      to address exiting the merchant function.

14   **Q.    WILL YOU DESCRIBE THE BILLING ENHANCEMENTS PROVIDED**  
15   **FOR IN THE STIPULATION?**

16   A.    The Stipulation provides for meetings to be held to discuss a variety of  
17       consumer-focused billing system improvements and enhancements. The  
18       schedule for such meetings is identical to the schedule discussed previously  
19       regarding the merchant function exit. The Company and the interested  
20       parties will conduct meetings to discuss billing enhancements and the first  
21       meeting will be within 120 days of the approval of the Stipulation, and there  
22       will be at least three meetings annually. I find this schedule to be  
23       reasonable and to allow for discussion that is needed for the billing

enhancements outlined in the Stipulation. The enhancements should benefit consumers by ensuring that the Vectren billing system will be capable of billing for many consumer-oriented product offerings. Those listed in the Stipulation are fixed bill through rate-ready code, additional rate-ready billing codes, bill-ready billing, billing a rate based on NYMEX prices, plus or minus a value, permitting pre-payment of the commodity portion of the bill, and allowing a “zero price” rate-ready code. All of those capabilities will create more choices for consumers and continue the move from today’s limited product offerings. Below is a table that further explains some of these possible billing enhancements.

TABLE 1: BILLING ENHANCEMENTS

BILLING ENHANCEMENT	DESCRIPTION
Fixed Bill Through Rate-ready code	Allows offering of innovative risk-managed fixed bill product using unique rate ready code
Additional rate-ready billing codes	Allows more codes to enable offering of additional prices
Bill-ready	Allow suppliers to supply billing amounts which enables more customization of product offerings
Billing a rate based on NYMEX prices, plus or minus a value	Allows suppliers to offer additional variable index-based price products
Permitting pre-payment of the commodity portion of the bill	Allows customers to pre-pay and have the entire amount credited to commodity

As to the “zero price” rate-ready code, the Company also agreed to review allowing Choice Suppliers to provide a rate code with a zero charge for the commodity of natural gas to enable each Choice Supplier to submit a dual bill for a portion of the customers in its pool, while utilizing rate-ready billing

1 for the remainder of the customers in its pool. This specific billing  
2 enhancement would be welcomed by those customers with multiple  
3 locations that wish to simplify their accounts payable process by  
4 consolidating their gas supply charges onto one bill from their supplier.

5 **Q. PLEASE DESCRIBE THE TOP 25 PERCENT LIST AGREED UPON AS**  
6 **OUTLINED IN THE STIPULATION.**

7 A. The Top 25 Percent List provisions will benefit consumers, especially those  
8 consumers that are paying the highest prices for their gas supply. The  
9 Company would identify and list those customers whose current commodity  
10 rates are in the top twenty-five percent of all Choice customer rates. The  
11 list would be made available to Choice suppliers who, logic would dictate,  
12 might present such customers with price-competitive supply offerings.  
13 Customers who have previously opted out of list inclusion would be  
14 excluded from this list. The cost of the list would be recovered through the  
15 customer list fee, or if insufficient, from requesting Choice suppliers, so  
16 there would be no cost borne by consumers. While recognizing that the  
17 Stipulation conditions implementation on Company cost recovery, I  
18 recommend that this customer-focused benefit be implemented as it will  
19 lead to enhanced competition in the retail natural gas market and benefit  
20 consumers.

21 **Q. PLEASE DESCRIBE THE PROVISION OF CUSTOMER PEAK DAY**  
22 **INFORMATION AGREED UPON AS OUTLINED IN THE STIPULATION.**

23 A. It is important that suppliers and pool operators have timely access to peak

1 day information. The Stipulation provides that that Company will examine  
2 its ability to provide such information for the Large General Transportation  
3 Service (Rate 345) and Large Volume Transportation Service (Rate 360)  
4 customers, and will conduct its review within 120 days of approval of the  
5 Stipulation. The Company's provision of peak day data in a prompt manner  
6 will benefit customers of the two rate classes by enabling their suppliers to  
7 better forecast and manage gas procurement, leading to lower costs and  
8 reduced risk of imbalances. The data exists as a result of Vectren's AMR  
9 project and, by providing that data to the suppliers, more value from  
10 installing AMR devices will now be realized.

11 **Q. PLEASE DESCRIBE THE PROVISIONS OF THE STIPULATION**  
12 **REGARDING COST RECOVERY OF CUSTOMER CHOICE AND**  
13 **BILLING UPGRADES BY THE ETC RIDER.**

14 A. The Exit Transition Cost ("ETC") Rider is applicable to residential and  
15 general service customers and recovers incremental costs associated with  
16 the Company's Choice program and exit of the merchant function. The  
17 Stipulation provides that costs for system modifications can be included in  
18 the permitted costs recovered by the ETC Rider, up to a cap of \$850,000.  
19 The costs are subject to audit to ensure prudence. If the Company decides  
20 not to implement improvements due to the \$850,000 cap, it will meet with  
21 the parties to explain its rationale and explore alternative options for cost  
22 recovery. One alternative option could be recovery under other  
23 Commission-approved riders. The system modifications benefit customers

1           by reducing costs and allowing the provision of additional products and  
2           choices. Costs to make such improvements should be rightly recovered  
3           from the customers that benefit from and could benefit from Choice.

4   **Q. DOES THIS CONCLUDE YOUR TESTIMONY ON THE STIPULATION**  
5   **AND RECOMMENDATION?**

6   A. Yes, although I reserve the right to supplement this testimony.

## PARTIAL LIST OF REGULATORY EXPERIENCE OF JAMES L. CRIST

1. Duquesne Light Company, General Base Rate Increase, R-2018-3000124, Representing the Duquesne Industrial Intervenor
2. UGI Merger case, Docket A-2018-3000381, Representing the Natural Gas Supplier Parties
3. Columbia of PA General Base Rate Increase, Docket R-2018-2647577, Representing the Pennsylvania State University
4. Columbia of PA Gas Cost Increase, Docket R-2017-2591326, Representing the Pennsylvania State University
5. West Penn Power Company, General Base Rate Increase, Docket R-2016-2537359, Representing the Pennsylvania State University
6. Columbia of PA General Base Rate Increase, Docket R-2016-2529660, Representing the Pennsylvania State University
7. UGI Utilities General Base Rate Increase, Docket R-2015-2518438, Representing Dominion Retail, Inc., Shipley, Choice, LLC, Interstate Gas Supply, Inc., Amerigreen Energy, and Rhoads Energy
8. Columbia of PA General Base Rate Increase, Docket R-2015-2468056, Representing the Pennsylvania State University
9. West Penn Power Company, General Base Rate Increase, Docket R-2014-2428742, Representing the Pennsylvania State University
10. Herman Oil & Gas Company, General Base Rate Increase, R-2014-2414379, Representing Herman Oil & Gas Company
11. Columbia of PA General Base Rate Increase, Docket R-2014-2406274, Representing the Pennsylvania State University
12. Ameren Gas- General Base Rate Increase, Docket No. 13-0192, Representing Dominion Retail and Interstate Gas Supply of Illinois
13. Columbia of PA General Base Rate Increase, Docket R-2012-2321748, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
14. Columbia of PA Petition for Approval of a Distribution System Improvement Charge Docket R-2012-2338282, Representing the Pennsylvania State University
15. PUC PA Generic Investigation Regarding Gas-On-Gas Competition, Docket No. P-2011-2277868, Representing the Pennsylvania State University
16. Ameren Gas- General Base Rate Increase, Docket 11-0282 (Cons.), Representing Dominion Retail and Interstate Gas Supply of Illinois
17. WAPA- Electric Base Rate Case, Docket 575, June 2009, Representing Frenchman's Reef Marriott
18. WAPA- Water Base Rate Case, Docket 576, June 2009, Representing Frenchman's Reef Marriott
19. Public Service of New Mexico 2010 Base Rate Case, Informal rate design workshops pursuant to the stipulation in NMPRC Case No. 08-00273-UT, Representing City of Albuquerque
20. Public Service of New Mexico, Electric base case at Case No. 08-00273-UT, Representing City of Albuquerque
21. Public Service of New Mexico 2009 Renewable Energy Procurement Plan for 2010, Case No. 09-00260-UT, Representing City of Albuquerque and Santa Fe County
22. Public Service of New Mexico, Gas sale case at Case No. 08-00078-UT, Representing City of Albuquerque
23. UGI Utilities, Central Penn Gas, Penn Natural Gas, Gas Cost Increase, Docket No. R-2011-2238953, Representing Shipley Energy, Rhodes Energy, and CenterPoint Energy
24. UGI Utilities- Gas Division, Gas Cost Increase, Docket No. R-2010-2172933, Representing Shipley Energy
25. Columbia of PA General Base Rate Increase, Docket R-2010-2215623, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
26. Columbia of PA General Base Rate Increase, Docket R-2009-2149262, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
27. Columbia of PA General Base Rate Increase, Docket R-2008-2011621, Representing Hess Energy, Dominion Retail, Interstate Gas Supply, and Shipley Energy
28. Columbia of PA Gas Cost Increase, Docket R-2008-2028039, Representing Dominion Retail, Interstate Gas Supply, and Shipley Energy
29. PPL Electric Utilities Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502
30. Nicor Gas Company, Provision of facilities and services and the transfer of assets between Nicor Gas Company and Nicor Inc., Docket No. 09-0301, Representing Dominion Retail
31. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 09-0166 and 09-0167, Representing Dominion Retail, Interstate Gas Supply and Nicor Advanced Energy
32. Nicor Gas Company, Base Rate Increase, Docket No. 08-0363, Representing Interstate Gas Supply and Dominion Retail
33. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 07-0241 and 07-0242, Representing Dominion Retail, Interstate Gas Supply and U.S. Energy Savings
34. WPS Resources, Peoples Energy, Peoples Gas Light and Coke Company, North Shore Gas Company, Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization,

Docket 06-0540, Representing Dominion Retail, Interstate Gas Supply, US Energy Savings, MxEnergy, and Direct Energy Services.

35. Allegheny Energy, Approval of Retail Electric Default Service Program and Competitive Procurement Plan, Docket No. P-2008-2021608, Representing the Pennsylvania State University
36. Allegheny Energy, Generation Rate Cap, Docket No. P-2007-2001828, Representing the Pennsylvania State University
37. Equitable Gas Company, Rate Increase, Docket R-2008-2029325, Representing Independent Oil & Gas Association and Hess Corp.
38. Equitable Gas Company and Peoples Gas, Merger Case, Docket A-122250F5000, Representing National Energy Marketers, Hess Corporation, and Constellation New Energy.

## **CERTIFICATE OF SERVICE**

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Summary: Testimony of James L. Crist, P.E. on Behalf of the Retail Energy Supply Association electronically filed by Mr. Michael J. Settineri on behalf of Retail Energy Supply Association