

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio Inc., for an Increase in Natural Gas Rates.	:	
	:	
	:	Case No. 22-0507-GA-AIR
	:	
	:	
In the Matter of the Application of Duke Energy Ohio Inc., for Approval of an Alternative Form of Regulation.	:	Case No. 22-0508-GA-ALT
	:	
	:	
In the Matter of the Application of Duke Energy Ohio Inc., for Tariff Approval.	:	Case No. 22-0509-GA-ATA
	:	
	:	
In the Matter of the Application of Duke Energy Ohio Inc., for Approval to Change Accounting Methods.	:	Case No. 22-0510-GA-AAM
	:	

**TESTIMONY IN RESPONSE TO OBJECTIONS TO
THE STAFF REPORT
OF**

CRAIG SMITH

**SERVICES MONITORING AND ENFORCEMENT DEPARTMENT
RELIABILITY AND SERVICE ANALYSIS DIVISION**

STAFF EXHIBIT___

May 17, 2023

1 1. Q. Please state your name and your business address.

2 A. My name is Craig Smith. My business address is 180 East Broad Street,
3 Columbus, Ohio 43215.

4
5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO). I am a
7 Public Utilities Administrator with the Reliability and Service Analysis
8 Division within the Service Monitoring and Enforcement Department. My
9 current duties include the oversight of service reliability, consumer
10 protection policies and rules for gas, water, and electric, as well as low-
11 income assistance programs.

12
13 3. Q. Would you briefly state your educational background and work experience.

14 A. I received a Bachelor of Arts degree that included a Major in Political
15 Science and a Minor in Chemistry from Denison University. I received a
16 Master's degree in Public Administration from The Ohio State University. I
17 received a Juris Doctor from Capital University. In addition, I completed
18 over a dozen post-baccalaureate classes in accounting from Columbus State
19 Community College.

20
21 While obtaining my Master's and Law degrees, I served as a management
22 and legal intern with the Public Utilities Commission of Ohio in the

1 Consumers Services Department. After Law School, I began employment
2 with the Ohio Department of Taxation. While at the Department of Taxa-
3 tion I was employed as an Internal Audit Supervisor 2, Chief Counsel
4 Supervisor 2 in Tax Appeals, and as a Deputy Tax Commissioner. I have
5 also been a private sector attorney and a Certified Internal Auditor (2006-
6 2017).

7
8 In January of 2014, I accepted a Utilities Specialist 1 position with the
9 Public Utilities Commission of Ohio in the Accounting and Electricity
10 Division. In October of 2014, I accepted a Utilities Specialist 2 position
11 with the Public Utilities Commission of Ohio in the Reliability and Service
12 Analysis Division. And in October of 2015, I accepted my current position,
13 a Public Utilities Administrator 2 with the Public Utilities Commission of
14 Ohio in the Reliability and Service Analysis Division.

15
16 4. Q. What was your responsibility in this case?

17 A. My responsibility in this case was to review tariff provisions and respond to
18 objections regarding service monitoring and enforcement.

19
20 5. Q. Have you testified in previous cases before the PUCO?

21 A. Yes.

22

1 6. Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to respond to certain objections to the Staff
3 Report of Investigation (Staff Report) concerning service monitoring and
4 enforcement. Specifically, I am responding to the Office of the Ohio
5 Consumers' Counsel (OCC) Objection No, 17 regarding convenience fees.

6

7 **OCC Objection 17 (Convenience fees)**

8 7. Q. OCC objects that the Staff Report erred to customers' detriment by failing
9 to recommend elimination of fees from being charged to consumers using a
10 credit or debit card to make a utility payment to Duke.¹ Does the Staff
11 agree?

12 A. No. Staff believes the principle of cost causation should continue to assign
13 credit and debit card fees to the customers utilizing the service.

14

15 8. Q. Does OCC object to customers being responsible for their fees?

16 A. No. OCC agrees with Staff that if charged, the convenience fees should be
17 the responsibility of the customers utilizing the service.²

18

¹ Objections to the PUCO Staff Report of Investigation by Office of the Ohio Consumers' Counsel at 15 (January 20, 2023).

² *Id.*

1 9. Q. OCC suggests that no consumer should pay convenience fees.³ Does Staff
2 agree?

3 A. No. Although most businesses that accept credit and debit cards for
4 payment do not charge a convenience fees, merchants are still charged for
5 payments using credit and debit cards. A utility is no different as there is a
6 cost to the Company to accept payments using credit and debit cards.
7 Currently most of the cost are paid by individual cost causers not by all rate
8 payers through a third-party, Speedpay. Whether in rates or as a fee,
9 consumers would be responsible for the cost of processing credit and debit
10 card payments.

11
12 10. Q. OCC states in their objections that more payments by credit and debit card
13 will provide a Company benefit as it saves on processing of checks sent
14 through the mail⁴ eliminating the need for a fee. Does Staff Agree?

15 A. No. Although the Company incurs a higher back-office cost to process
16 checks and money orders by mail than credit and debit cards, the total costs
17 would not create any savings but rather would increase costs.

18

³ Objections to the PUCO Staff Report of Investigation by Office of the Ohio Consumers' Counsel at 15-16 (January 20, 2023).

⁴ *Id.* at 16.

1 There are four options for customers regarding the payment of service. The
2 traditional method used by 24% of customers is by check or money order
3 through the mail. 49% of customers use a bank draft, bank bill pay, wire
4 transfer, an automated clearing house (ACH) or a financial institution's
5 electronic funds transfer (EFT) for payments. The least common method
6 with 2% of customers is through an authorized payment location such as a
7 grocery store for walk in customers. Rounding out the payment channels
8 with 25% of customers are credit and debit card payments using a third-
9 party service, Speedpay.⁵

10
11 Each payment channel currently incurs costs to both the Company and to
12 the customer. The Company's cost to process payments per transaction
13 ranges from 2 cents for walk-in payments, 3 cents for credit and debit card
14 payments, 4 cents for EFT payments, and 12 cents for mail-in payments.⁶
15 These costs are included in customers rates. Customers also incur costs for
16 each payment channel. There does not appear to be any additional
17 customer costs for EFT payments. Customers choosing to mail in their
18 payments must incur the cost of postage (63 cents). Speedpay and walk-in
19 customers are charged \$1.50 per transaction. The Company does provide
20 eight locations that do not charge the walk-in fee. When costs are

⁵ Company Response to Staff DR #75-002.

⁶ *Id.*

1 combined between Company and customer, EFT payments total 4 cents;
2 mailed payments total 75 cents; walk in payments total cost range from 2
3 cents to \$1.52; and credit and debit payments total \$1.53.

4
5 The most cost-effective payment channel for the Company and customers
6 are EFT payments with a total cost per transaction of 4 cents. The most
7 expensive payment channel for the Company and customers is payment by
8 credit and debit cards with a total cost per transaction of \$1.53. OCC's
9 belief that the Company would save money by incurring the total cost of
10 credit and debit costs with the reduction in mail transactions is inaccurate as
11 \$1.53 per transaction is greater than 12 cents (or 75 cents with postage). In
12 addition, payment through the mail has been declining 11% per year since
13 2019 and customers are rapidly moving away from this payment method.⁷

14
15 11. Q. Does this conclude your testimony?

16 A. Yes, this concludes my testimony. However, I reserve the right to submit
17 supplemental testimony as described herein, as new information
18 subsequently becomes available or in response to positions taken by other
19 parties.

⁷ Company Response to Staff DR #75-002.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the **Pre-filed Testimony Responding to Objections to the Staff Report of Craig Smith** has been served upon the below-named counsel via electronic mail, this 17th day of May 2023.

//s/ Robert Eubanks

Robert Eubanks

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AAM**

Summary: Testimony Pre-filed Testimony Responding to Objections to the Staff Report of Craig Smith electronically filed by Mrs. Kimberly M. Naeder on behalf of PUCO.