

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of a)
General Exemption of Certain Natural) Case No. 21-0903-GA-EXM
Gas Commodity Sales Services or)
Ancillary Services)**

**In the Matter of the Application of Duke)
Energy Ohio, Inc. for Tariff Approval) Case No. 21-0904-GA-ATA**

**In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval to Change) Case No. 21-0905-GA-AAM
Accounting Methods)**

**DIRECT TESTIMONY OF TERESA LEWIS
ON BEHALF OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

September 7, 2022

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

2 **A.1.** My name is Teresa Lewis. My business address is 3033 Periwinkle Drive, Evansville,
3 Indiana.

4 **Q.2. On whose behalf are you testifying?**

5 **A.2.** I am testifying on behalf of the Retail Energy Supply Association.

6 **Q.3. What is your educational background and energy experience?**

7 **A.3.** In 2008, I earned an Associate in Science degree (Magna Cum Laude) and in 2011, I
8 earned a Bachelor of Science majoring in Business Administration: Management (Summa Cum
9 Laude) from Oakland City University. I have been in the utility business for over 40 years. I am
10 currently self-employed as an energy consultant. I was previously employed at Vectren Energy
11 Delivery of Ohio (or predecessor company Southern Indiana Gas and Electric Company) for over
12 37 years in a variety of positions, including 17 years in a variety of leadership roles in the Gas
13 Transportation Department.

14 **Q.4. Have you previously testified before the Public Utilities Commission of Ohio?**

15 **A.4.** No, I have not previously testified before the Public Utilities Commission of Ohio
16 (Commission or PUCO).

17 **Q.5. What is the purpose of your testimony?**

18 **A.5.** The purpose of my testimony is to provide information regarding my experience and
19 observations in the exiting the merchant function in the Ohio natural gas market.

20 **Q.6. Can you summarize your testimony?**

21 **A.6.** I have direct experience with a gas utility transitioning from a gas cost recovery rate
22 (GCR) to standard service offer service (SSO) and then to a standard choice offer service (SCO).
23 Based on my experience and observations, I believe it is less costly and more effective to move

1 straight to an SCO rather than an SSO to an SCO. Going straight to an SCO could also result in
2 an increase in customer shopping and Choice supplier participation and product offerings.

3 **Q.7. Do you have prior involvement with an Ohio natural gas utility ending its GCR**
4 **procurement process?**

5 **A.7.** Yes. I was involved in Vectren Energy Delivery of Ohio's (Vectren or VEDO) exiting of
6 the merchant function in its Ohio gas market.

7 **Q.8. Please explain your role and responsibilities in Vectren's process of terminating its**
8 **GCR procurement process.**

9 **A.8.** I was an active member of VEDO's Exit Working Group. As part of VEDO's internal
10 working group, I assisted with the development of most every aspect of the company's Exit
11 Program. I participated in the working group with the company's stakeholders, we met
12 frequently in person, and I assisted in presenting the operational aspects of the program to the
13 stakeholders. Stakeholders included Commission Staff, gas suppliers, the Office of the Ohio
14 Consumers' Counsel and other interested parties.

15 **Q.9. What did Vectren implement in place of the GCR procurement process?**

16 **A.9.** In 2008, VEDO implemented an SSO. This was the first of two phases VEDO intended
17 to implement to transition to an environment in which VEDO would exit the merchant function.
18 This service was offered from October 1, 2008, to April 1, 2010 (one and one-half years).

19 **Q.10. Were you involved in implementing Vectren's SSO auctions?**

20 **A.10.** Yes. I was involved in the development of the auction rules, and overall management of
21 the application process of the bidders.

1 **Q.11. Were you involved in any behind-the-scenes operational changes required at**
2 **Vectren to implement the SSO auctions?**

3 **A.11.** Yes. As Manager of the Gas Transportation Department at VEDO, I was responsible for
4 implementing the business processes to support the program, which included but was not limited
5 to the releasing of capacity to the SSO suppliers, ensuring gas deliveries were within VEDO's
6 established citygate delivery guidelines, managing the monthly TCO agency agreements (i.e.,
7 agency agreements to allow VEDO access to upstream supplier storage and nominations),
8 confirming SSO suppliers had proof of their annual peak day capacity commitments, and
9 confirmation of daily nominations to VEDO's city gates. I was also heavily involved in
10 identifying and implementing the necessary changes to VEDO's various software applications to
11 support the program, including the changes to the Choice Supplier and Large Gas Transportation
12 Supplier balancing provisions. I also participated in Vectren's customer education subgroup and
13 assisted with the implementation of the communication plan for educating customers. Since the
14 SSO auction was open to non-PUCO certified suppliers, I also managed the application process
15 of the new wholesale suppliers intending to apply to bid in the SSO Auction.

16 **Q.12. Did Vectren then change its procurement process again after implementing SSO**
17 **auctions?**

18 **A.12.** Yes. On April 1, 2010, VEDO implemented SCO, the second phase of the transition for
19 VEDO's merchant exit plan.

20 **Q.13. Were you involved in implementing Vectren's SCO auctions?**

21 **A.13.** Yes. As was the case with the SSO Auction, I was heavily involved in most aspects of
22 implementing and managing the VEDO's SCO auction and program.

1 **Q.14. Were you involved in any behind-the-scenes operational changes required at**
2 **Vectren to implement SCO auctions?**

3 **A.14.** Yes. I supported all of the same efforts as previously stated in the SSO Phase, in addition
4 to managing most aspects of the SCO Auction. I was the primary contact for the SCO bidder
5 applicants. Some of the operational changes already established in the SSO Phase were modified
6 to accommodate the SCO Phase. For example, the changes to VEDO's customer billing system
7 were greater to support SCO due to the changes needed to support the assignment of premises to
8 the SCO Suppliers based on market share. Other examples are the EDI transactions to support
9 the customers' move in/move out activity, and the enrollment and drop requirements. The
10 implementation of these changes positioned the company to more closely support a full exit. I
11 also managed the applications of the competitive retail natural gas suppliers that were not then
12 currently approved to participate in VEDO's Choice program and had expressed interest in
13 participating in VEDO's SCO auction.

14 **Q.15. Having been actively involved in the implementation of changes at Vectren for the**
15 **SSO and the SCO auction processes, what did you observe regarding the steps Vectren was**
16 **required to take?**

17 **A.15.** Implementing the SSO Phase itself changed a large majority of VEDO's existing
18 operational and supplier billing practices. The changes to the customers' bills were minimal.
19 The implementation of the auction requirements and the auction itself provided the foundation
20 for future phases. Implementing the SCO Phase changed some of the operational processes,
21 although again the foundation was in place from the SSO Phase. The majority of effort to
22 implement SCO involved the changes to the customer billing system to support the delivery
23 assignment of premises to the SCO Suppliers and the movement of the customers in addition to
24 bill print changes to reflect the supplier's name on the customers' bills.

1 **Q.16. As part of the transition to SSO and then SCO, did Vectren provide storage services**
2 **to SSO suppliers and SCO suppliers?**

3 **A.16.** Yes. VEDO primarily balanced its system using TCO no-notice storage. This storage
4 capacity was released to SSO, SCO and Choice suppliers who collectively balanced the system
5 using their own gas and their assigned storage capacity. VEDO did not retain any storage
6 capacity. As was the case with pipeline capacity, the TCO storage was released monthly to
7 suppliers based on the suppliers' market share. Suppliers were required to enter into TCO
8 Agency Agreements giving VEDO rights to view and monitor storage inventory. The Balancing
9 Cost Rider applicable to Choice Suppliers was suspended. Additionally the monthly 5%
10 imbalance carryover by Large Gas Transportation customers was reduced to zero and the gas
11 cost of cash out charges was recovered from/to the SSO, SCO and Choice Suppliers. With these
12 changes, there was no difference in how SSO suppliers and Choice suppliers and subsequently
13 how SCO suppliers and Choice suppliers were treated on storage and system balancing
14 responsibility.

15 **Q.17 Having been actively involved in the day-to-day operations at Vectren after the SSO**
16 **and the SCO auctions were conducted, did you observe any changes in supplier**
17 **participation in the competitive market in the Vectren service territory after these auctions**
18 **were implemented?**

19 **A.17.** In the 2008 SSO Auction, four suppliers participated in the auction. VEDO has
20 consistently had six or seven suppliers participate in the SCO Auction. In 2022, eight suppliers
21 participated in the SCO Auction. Upon the implementation of the SSO Phase, VEDO had a
22 minimal number of Choice Suppliers. The number of Choice supplier applicants increased in
23 anticipation of the SCO service and continued to increase after the SCO service was
24 implemented. I observed this as I was responsible for processing all Choice supplier

1 applications. The addition of Choice suppliers brought a multitude of rate options for customers
2 from short term, long term, low introductory rates, and guaranteed less than SCO rate offers.
3 Marketing campaigns by Choice suppliers, in addition to VEDO's communication efforts to
4 customers, resulted in an uptick of Choice customers after SCO was implemented. The Apples-
5 to-Apples chart on the PUCO website shows nineteen (19) Choice suppliers currently offering a
6 variety of rate options in VEDO's choice market for September 2022.

7 **Q.18. Were there differences between Vectren's implementation of operational changes**
8 **for the SSO versus the SCO auction processes?**

9 **A.18.** In implementing the SSO and then SCO, the foundation of the operational changes were
10 very similar to support both programs. There was still the need to forecast the daily demand for
11 the suppliers based on market share and the allocation and releasing of pipeline capacity. While
12 implementing the SSO required less of an effort in regards to not having to manage the supplier-
13 to-customer premise relationship and customer activity, the implementation and management of
14 the SSO auction itself and the changes to the operational aspects were very similar to what the
15 SCO required. However, the SCO has proven to drive diversity in Choice supplier options and
16 rate offerings for customers. Having to implement one program right after the other meant
17 continuance of system and business modifications to get to the end result of SCO. In my
18 opinion, it would have been less costly and more effective to move straight to SCO.

19 **Q.19. Do you have an opinion on whether an SCO can further the competitive retail**
20 **natural gas market in Ohio?**

21 **A.19.** Yes. I believe an SCO leads to more participating suppliers in both the auction process
22 and the Choice program. Greater diversification of Choice suppliers in a market can lead to a
23 greater variety of competitive rate offerings. In my experience with Vectren's exit plan, the SSO
24 Auction did not attract many new competitive retail natural gas suppliers to the market. The

1 promise of the SCO following directly after SSO, however, did attract gas suppliers that were
2 well established in other Ohio markets as well as several smaller gas suppliers. I do not believe
3 Vectren would have experienced an influx of new Choice Suppliers had it not planned to follow
4 the SSO auction with an SCO auction.

5 **Q.20. Based on your experience, do you believe that Duke should transition to an SCO**
6 **rather than to an SSO?**

7 **A.20.** As mentioned previously, the SCO auction process definitely leads to more supplier
8 participation and a larger variety of rate options, products and services from suppliers. Since
9 SSO suppliers cannot be “selected” by the customers, the SSO auction process does not actually
10 provide consumers with a greater diversity of effective choices over the selection of those
11 supplies and suppliers in accordance with R.C. 4929.02(A)(3).

12 **Q.21. Does this conclude your direct testimony?**

13 **A.21.** Yes, but I reserve the right to supplement my testimony.

CERTIFICATE OF SERVICE

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Summary: Testimony - Direct Testimony of Teresa Lewis electronically filed by Mrs.
Gretchen L. Petrucci on behalf of Retail Energy Supply Association