

**BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE PETITION :
OF DIRECT ENERGY SERVICES, LLC :
TO REQUEST THE PUBLIC SERVICE :
COMMISSION TO ISSUE, ON AN :
EXPEDITED BASIS, AN ORDER : PSC Docket No. 16-0744
DIRECTING DELMARVA POWER & :
LIGHT COMPANY TO DISTRIBUTE :
AN EDUCATIONAL BILL INSERT :
REGARDING THE OPTIONS :
AVAILABLE UNDER THE :
CONTRACT AWARDED BY THE :
STATE OF DELAWARE :

COMMENTS OF DIRECT ENERGY SERVICES, LLC

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Attachment A – Direct Testimony of Frank Lacey

I. Introduction

Direct Energy Services, LLC (“Direct Energy”), pursuant to Order No. 8922 of the Delaware Public Service Commission (“Commission” or “PSC”), hereby respectfully submits comments in support of Direct Energy’s request for an order directing Delmarva Power & Light Company (“Delmarva”) to distribute an educational bill insert regarding the options available under the contract awarded by the State of Delaware to Direct Energy as the “Electric Retail Supplier Exclusively Contracted by the State of Delaware” (the “State-authorized Contract” or “Contract”).

Direct Energy requests this relief because: (1) it was formally named as the “Electric Retail Supplier Exclusively Contracted by the State of Delaware;”¹ (2) it seeks to increase awareness about the products available for residential and small commercial customers in Delmarva’s territory under the State-authorized Contract; and, (3) the use of bill inserts would be an effective means of reaching those customers and is therefore in the public interest.

Importantly, the offer made available through the State-authorized Contract could deliver over \$41 million in value to Delmarva residential customers.² A bill insert is one of the most effective means of communicating this special offer to all customers,³ and will help customers distinguish this special program and the State’s attempt to assist customers in taking advantage of the benefits of the competitive retail electric market. Moreover, such bill inserts have been used in other states to inform customers about electric supplier offers, and is similar to bill

¹ Contract, § 3.7.

² See, Attach. A, Direct Testimony of Frank Lacey, at 4, 11.

³ Attach. A, Direct Testimony of Frank Lacey, at 7-10, 15.

inserts that have been used in Delaware to inform customers about other State-authorized programs, such as energy efficiency or demand response programs.⁴

In support of these Comments, Direct Energy is submitting a sworn statement, in the form of prepared direct testimony, of Frank Lacey, an expert in public utility and the competitive retail electric business and policy. Direct Energy intends to move into evidence Mr. Lacey's sworn statement, as well as these Comments.

II. Background

The State of Delaware offers customer choice to Delmarva customers when it comes to purchasing their energy supply.⁵ In an effort to provide those consumers with valuable beneficial products, the Legislature passed Senate Substitute No. 1 for Senate Bill 160.⁶ Section 68 of that legislation created the Electricity Affordability Committee (the "Committee") and tasked the Committee to evaluate "an opt-in electricity affordability program for residential and small business customers ... based on the potential benefits derived from a combination of a multi-year fixed price per kWh offer, value added products and services to help customers better manage their overall energy bills, and other potential consumer benefits" and "to select and contract with a PSC-certified energy provider" if the Committee "determines that a program will offer these benefits to residential and small business customers." The legislation compels the Secretary of the Committee to direct the Public Service Commission to "coordinate the

⁴ Attach A, Direct Testimony of Frank Lacey, at 9-10.

⁵ Electric Utility Restructuring Act of 1999, 72 Del. Laws Ch. 10 (March 31, 1999) ("Restructuring Act").

⁶ [http://legis.delaware.gov/LIS/lis148.nsf/vwLegislation/SS+1+for+SB+160/\\$file/legis.pdf?open](http://legis.delaware.gov/LIS/lis148.nsf/vwLegislation/SS+1+for+SB+160/$file/legis.pdf?open).

implementation of the program including appropriate customer awareness and marketing activities.”⁷

Pursuant to that legislation and at the request of the Committee, the Commission issued a Request for Proposals⁸ (“RFP”) seeking an energy provider that could offer a program meeting all of these requirements. After reviewing all of the proposals, the Committee selected Direct Energy as submitting the best offers.⁹ With the approval of the Committee, the Secretary of State entered into the State-authorized Contract with Direct Energy.

On June 30, 2016, Direct Energy filed a Petition with the Commission requesting, on an expedited basis, an order directing Delmarva to distribute a bill insert regarding retail energy choice options offered to Delmarva’s customers by Direct Energy under the State-authorized Contract. Direct Energy is proposing the use of a one-time, educational bill insert to all eligible residential and small commercial customers in Delmarva’s territory.¹⁰ There would be one bill insert for residential customers, and one bill insert for small commercial customers.¹¹ The inserts would be mailed by Delmarva and would provide information on the ability to shop, assurances that a customer’s distribution service will not be affected (that customers would still call Delmarva as they do today if they have an outage or another service emergency), a summary of the Electricity Affordability Program, and a description of the products, including terms and conditions available under the Contract.¹² All incremental costs of the inserts and mailing would

⁷ *Id.*

⁸ *See* Contract, Appendix A.

⁹ Petition at ¶ 2-4.

¹⁰ Petition at ¶ 7.

¹¹ Petition at ¶ 9.

¹² Petition at p. 1-2.

be paid by Direct Energy, and not by Delmarva or Delmarva's ratepayers.¹³ In order to provide more complete information about the options available from the retail competitive market, Direct Energy supports having a second, separate bill insert included with the insert about the State-authorized Contract, discussing other residential and small business competitive options available to customers. This will not only help to raise consumer awareness about the benefits of electric choice generally but will permit customers to compare the various offers in the market and make the best choice for them. Ordering this bill insert will not create a precedent for other supplier bill inserts unless future supplier demands are associated with a similar state-authorized exclusive contract.

Direct Energy began offering its products consistent with the State-authorized Contract starting on July 1, 2016. With the array of products being offered by Direct Energy under the State-authorized Contract, it is estimated that residential customer consuming 1000 kwh per month could save almost \$16.00 per month with Direct Energy's lowest fixed electricity price offering. The products being offered by Direct Energy will drive savings on the electricity portion of the bill ranging from seven to 17 percent compared to the SOS Price to Compare published on Delmarva's website. The products with savings on the lower end of that spectrum also include a free Nest learning thermostat and/or HVAC services which have market values of \$250 and \$100 respectively.¹⁴ The Nest learning thermostat is estimated to save customers an additional 10 to 12 percent on their heating bills and about 15 percent on their cooling bills.¹⁵ Additionally, a "Solarize Delaware" solar offering is available which is comprised of a low price

¹³ Petition at ¶ 11.

¹⁴ Petition at ¶ 6. The average savings statement is based on a comparison of the utility's current price to compare and Direct Energy's current offers. Usage utilized in the dollar savings calculation is based on forecasted consumption data for a typical residential class customer in Delmarva Power's Delaware territory.

¹⁵ <https://nest.com/thermostat/meet-nest-thermostat/>.

per watt roof-top installation while receiving 12 months of free electricity for the balance of consumption not supplied by solar once installed.¹⁶ As noted, for residential customers, and looking only to the savings from the lower electric commodity price, customers could realize over \$41 million in annual benefits if they switch to the Direct Energy offering.¹⁷

On July 26, 2016, the Commission opened this docket to, *inter alia*, solicit written comments. The Commission is scheduled to hear this matter directly at its regularly scheduled meeting on September 20, 2016.

III. Comments of Direct Energy

A. Delmarva's residential and small business customers should be provided with informational and educational materials to select the product that fits their needs.

1. In Light of the Special, State-Sponsored Nature of the Direct Energy Contract, All Reasonable Efforts to Educate Customers About this Opportunity Are Appropriate.

The products offered by Direct Energy under the State-authorized Contract are unique. Direct Energy is offering several new energy supply products with multi-year fixed price offers and other customer benefits.¹⁸ The products available under the State-authorized Contract can be identified as "Approved by the State of Delaware ... as a special electric supply product offering

¹⁶ Petition at ¶ 7. Contract, Appendix B at 6, 21-22; Contract, Appendix C.

¹⁷ With Delmarva's most recent SOS price change, the Direct Energy offer and the SOS price for small commercial customers is virtually identical (1/100 of a penny per kwh difference). However, the small commercial product offer from Direct Energy includes a free Nest learning thermostat for the business. The Nest thermostat has a \$250 retail value and it will help the small businesses manage their heating- and cooling-related energy consumption.

¹⁸ It should be noted that the Direct Energy products have a two-year fixed electricity price offer associated with them and none of the products has an early termination fee. The products that also include a Nest thermostat require the customer to reimburse Direct Energy for a portion of the cost of the thermostat if they leave the program before the contract term expires, however, the thermostat is the customers to keep.

for Residential and Small Commercial customers.”¹⁹ The new products are the result of the State Legislature actively seeking longer term contracts that can help save money for energy consumers. Direct Energy is the Electric Retail Supplier Exclusively Contracted by the State of Delaware to provide these products.

In order for Delmarva’s customers to evaluate whether any of the products available under the State-authorized Contract fit their needs, they will first need to be made aware of their existence. That is why part of Direct Energy’s response to the State’s RFP indicated that, for the citizens of Delaware to obtain the maximum benefit from the Contract, a Commission sponsored or coordinated consumer education effort would be helpful.²⁰ That response, which was incorporated into the Contract itself,²¹ indicated that Direct Energy wanted to use a bill insert to help get information and educational materials into the hands of customers.

With information and educational materials, Delmarva’s residential and small business customers can evaluate the products available under the Contract. Because Direct Energy supports providing a second insert describing other competitive alternatives in the market, customers will also be able to compare the products available under the State-authorized Contract with: (a) retail products offered by other competitive suppliers (“Certified Electric Supplier” or “CES”); and/or (b) Standard Offer Service (“SOS”). The customer can then decide what product, if any, fits his or her needs to reduce energy use and manage costs.

The State-authorized Contract is intended to help Delmarva’s customers who “are leaving significant savings on the table by staying with Delmarva’s standard offer service and not

¹⁹ Contract, § 3.7. *See also* Contract, Appendix C.

²⁰ *See* Contract, Appendix B at 25, 29, 30.

²¹ *See* Contract, §§ 1.1, 1.2, 4.1, 19.1, 20.1; Contract, Appendix B; Contract, Appendix C.

selecting better offers from third party suppliers certified in the State.”²² In fact, and as mentioned previously, at current SOS prices, customers switching to the Direct Energy offer could achieve a 17% savings on the commodity portion of their electric bill; if all residential SOS customers took advantage of the offer made available by the State-authorized Contract, they would realize savings of over \$41 million.²³ The offer is so favorable that even if the clearing price in the next SOS auction decreased by 50% – or from the current 9.58 cents/Kwh to 4.81 cents/Kwh, customers on the Direct Energy offer would *still* be paying the same price for electricity as SOS customers.²⁴

That being said, it should be emphasized that savings on the electricity, which can be purchased from a CES such as Direct Energy, are growing more important for Delmarva’s 312,000 electric customers,²⁵ which are facing rate increases from:

(1) Delmarva’s pending electric base rate increase.²⁶ In that proceeding, Delmarva filed a petition seeking an electric base rate hike of \$62.8 million. If the request is approved as filed, the bill for a typical residential customer using 1,000 kWh will increase by \$10.23 per month to a total bill of \$151.34; and,

(2) the Artificial Island Project.²⁷ Based on Commission Staff analysis, the inclusion of the Artificial Island Project’s costs could lead to an increase of about \$4/month or \$1.43/kW on the Transmission Capacity Charge for Delmarva’s customers who pay for transmission on a “per kW” basis.²⁸ These new transmission costs may have “a significant direct negative impact on customers,” as Governor Markell stated in his letter supporting the Commission.²⁹ Furthermore, the resulting cost distribution is “not sustainable for Delaware [electricity] users” and “could seriously impact their

²² Contract, Appendix A (RFP) at 4.

²³ Attach. A, Direct Testimony of Frank Lacey, at 4, 11.

²⁴ *Id.* at 12-13.

²⁵ Delmarva delivers electricity to more than 312,000 customers throughout Delaware. <http://www.delmarva.com/library/templates/interior.aspx?pageid=874>.

²⁶ Delaware PSC Docket No. 16-0649.

²⁷ http://depsec.delaware.gov/ai_project.shtml.

²⁸ http://depsec.delaware.gov/ai_project.shtml.

²⁹ *Id.*

pocketbooks” as Senators Carper and Coons, and Representative Carney similarly noted.³⁰

In light of these significant upward pressures on electric rates, taking every reasonable step to make sure all eligible customers are aware of the offer being made available by the special State-authorized program which offers significant savings for customers is especially important.

B. The Commission has the legal authority and responsibility to require the dissemination of informational and educational material by Delmarva.

Without the maximum dissemination of information and educational materials, the efforts of the State to help customers better manage their overall energy bills may be wasted. The objective of Direct Energy’s proposal is to build general and functional awareness and disseminate tools to help customers learn about the electric choices available to them. As proposed, the bill inserts will disseminate public information in an efficient manner. While Direct Energy intends to undertake its own marketing efforts, bill inserts are likely to get more notice from a customer than materials arriving as a separate piece of mail. As Mr. Lacey explains in the attached sworn statement, a bill insert will deliver the educational information about the State-authorized Contract to virtually all of Delmarva’s customers, via a utility-generated mailing (the utility bill). Bill inserts have the added advantage of being addressed directly to the customer of record, rather than to the “occupant” or “current resident.”³¹ Bill inserts are also less expensive than direct mail.

³⁰ *Id.*

³¹ Attach. A, Direct Testimony of Frank Lacey at 7-9.

The use of a bill insert is a more effective methodology to communicate with customers than a mailed supplier communication. Delmarva does not release complete and accurate customer lists to suppliers. The eligible customer list that Delmarva provides is not comprehensive and only updated twice per year. Other lists available in the market are not correlated to the electric account owner or even the utility's service territory.³²

Ordering Delmarva to make a, one-time, dissemination of educational information on the products available under the State-authorized Contract is consistent with the Commission's authority. Under the Restructuring Act, the Commission is charged with consumer education regarding retail competition.³³ The Commission has jurisdiction and oversight over the marketing of the products available (under the State-authorized Contract) for residential and small commercial customers in Delmarva's territory. In the State-authorized Contract, the State authorized the Commission to provide "educational information regarding the products in coordination with Direct Energy."³⁴ Ordering the dissemination of informational and educational materials is consistent with the Commission's obligation to ensure that eligible customers receive education and information so that they can obtain the benefits of retail competition.³⁵ It is also consistent with the legislation that authorized the Secretary of the Committee to direct the Commission to "coordinate the implementation of the program including appropriate customer awareness and marketing activities."³⁶

³² Attach A, Direct Testimony of Frank Lacey at 8-9.

³³ 26 Del. C. § 1014(c); PSC Docket Nos. 99-0457 and 97-0229.

³⁴ Contract, § 5.1.

³⁵ *See, e.g.*, 26 Del. C. §§ 1002, 1013(b), 1014.

³⁶ Senate Substitute No. 1 for Senate Bill 160, at Section 68, which is available at: [http://legis.delaware.gov/LIS/lis148.nsf/vwLegislation/SS+1+for+SB+160/\\$file/legis.pdf?open](http://legis.delaware.gov/LIS/lis148.nsf/vwLegislation/SS+1+for+SB+160/$file/legis.pdf?open).

Moreover, it is within the inherent authority of the Commission to require a utility to educate customers on important issues regarding electric service. Section 201(a) of the Public Utilities Act provides that the Commission has exclusive original supervision and regulation of all public utilities.³⁷ The Commission has the necessary power to ensure that each public utility provides efficient, sufficient, and adequate services, products, and facilities.³⁸ Consistent with this authority, the Commission may require a utility to disseminate information and educational materials about relevant issues to its customers.

The proposal is consistent with the existing use of bill inserts. Dissemination of information and educational materials by bill inserts provides a convenient and direct method of reaching households and businesses. Delmarva provides important consumer information on billing, customer service issues and safety. Delmarva already engages in educational efforts. It disseminates data and information on dynamic pricing, rebate programs and energy efficiency.³⁹ These programs, and their associated educational efforts, are consistent with Delmarva's obligation to provide reasonable and adequate service and are clearly within the Commission's authority to order. The proposed insert would be done once, and will encourage customers to shop by informing them about the results of the State's efforts to obtain longer-term products that can help save money for energy consumers and thus will provide benefits to customers and the State.

The proposal is also not without precedent. As Mr. Lacey explains, providing supplier offers in direct mail pieces from the electric distribution company has been ordered in other

³⁷ 26 Del. C. § 201(a).

³⁸ See 26 Del. C. § 209(a)(2), 308(a)(1), 308(b).

³⁹ <http://www.delmarva.com/billinserts/>.

states. Specifically, the Pennsylvania Public Utility Commission ordered the FirstEnergy Companies to undertake such mailings and initially ordered PPL to do so as well, before cancelling the directive when it ordered other competitive market enhancements.⁴⁰

1. To Ensure that Customers Are Fully Briefed on their Competitive Opportunities The Commission Should Direct That a Second Bill Insert, Explaining Additional Competitive Market Opportunities Be Ordered Along With A Separate Bill Insert Explaining the Offer Provided by the State-authorized Contract

Direct Energy proposes the dissemination of fact-based information on the products available under the Contract awarded by the State.⁴¹ The content of the bill insert would be agreed-upon by Direct Energy, Delmarva, the Office of the Public Advocate Staff, and the Commission Staff prior to being disseminated to eligible customers.⁴² In addition, Direct Energy and the Retail Energy Suppliers Association (RESA) have conferred and both support not only the Direct Energy bill insert proposal but the inclusion of another bill insert in the same bill describing the other competitive alternatives that are available in the competitive market from other suppliers. Direct Energy supports this because it is the best way to ensure that customers will have a full and complete picture of the competitive alternatives in Delmarva's service territory, allow comparison of the various offers, and potentially prompt additional interest in considering shopping alternatives while minimizing any inadvertent confusion. Since the bill insert requested by Direct Energy is made necessary by the unique circumstances of the State-authorized Contract, the Commission should utilize this opportunity to provide additional competitive market information, with the goal of increasing interest and participation in the competitive market as a whole. Because the bill inserts are justified specifically by the State-authorized Contract, a Commission order directing them will not be "precedent" to require any

⁴⁰ Attachment A, Direct Testimony of Frank Lacey, at 10-11.

⁴¹ Petition at ¶ 10; Petition at p. 1-2.

⁴² Petition at ¶ 10.

supplier to demand a bill insert to advertise their competitive products and services. This unique program justifies this type of response.

The content of the second bill insert should be developed in conjunction with RESA, Direct Energy, the Commission Staff, the Public Advocate and other interested parties.

C. The bill inserts should be distributed to customers in an expeditious manner.

The bill inserts should be distributed to customers in an expeditious manner. Time is of the essence for several reasons. Most notably, the State-authorized Contract is a two-year contract. There are still several procedural steps that will need to be taken between the Commission's Order and Delmarva's distribution of the inserts. Included in the process would be a review of the documents by Commission Staff and the Public Advocate's office. After approval, the inserts must be printed. If the Commission were to issue an order at the conclusion of the September 20th hearing, Direct Energy believes that it would be possible to complete all of the steps in time for Delmarva to distribute the bill inserts in its October bills. If any of the reviews and approvals are delayed, it is possible that the inserts would not be distributed until the November or December bill cycles. After the customer receives the bill inserts, and considering the delay between meter reading and meter data processing and bill printing, considering mail delivery timelines, considering that not everyone reads the bill the day it is delivered and considering retail choice enrollment window of 15 days, a customer who receives the bill inserts in December is not likely to be an electric supply customer before his or her February 2017 meter read date. That is a full eight months into a 24-month process before a critical mass of customers can have the tools to effectively manage their electricity prices.

Additionally, there is a solid economic argument to move the bill insert expeditiously. Every month that passes without a customer switching to the offer made available by the State-authorized Contract results in approximately \$3.4 million in potential consumer surplus leaving the state of Delaware and going to wholesale electricity suppliers (through continued SOS charges). The Legislature created a mechanism to keep those savings in-state. The Commission and Delmarva should act to empower consumers with the knowledge they need to achieve those savings.

Finally, moving expeditiously implements the vision of the Legislature to empower the customers with tools to manage their electricity expenditures. The vision became law more than a year ago. The bill insert is a critical component of the legislative mandate to implement the program including “appropriate customer awareness and marketing activities.”

IV. Conclusion

Direct Energy appreciates the opportunity to comment and respectfully requests that the Commission (a) issue an order directing Delmarva to distribute, as expeditiously as possible, an educational bill insert – the costs of which to be reimbursed by Direct Energy – regarding the options available under the contract awarded by the State of Delaware pursuant to the Electric Affordability Program so that customers can better avail themselves of the benefits of the product offerings to be made available under the Contract; (b) direct a second bill insert (in the same bill) describing other competitive offers available to Delmarva customers; and (c) grant any other relief deemed appropriate under these circumstances.

Respectfully submitted,

/s/ Tara L. Lattomus

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Date: August 31, 2016

Counsel for Direct Energy Services, LLC

Attachment A

BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE :
PETITION OF DIRECT ENERGY :
SERVICES, LLC :
TO REQUEST THE PUBLIC :
SERVICE COMMISSION TO ISSUE, : PSC Docket No. 16-0744
ON AN EXPEDITED BASIS, AN :
ORDER DIRECTING DELMARVA :
POWER & LIGHT COMPANY TO :
DISTRIBUTE AN EDUCATIONAL :
BILL INSERT REGARDING THE :
OPTIONS AVAILABLE UNDER :
THE CONTRACT AWARDED BY :
THE STATE OF DELAWARE :

DIRECT TESTIMONY

OF

FRANK LACEY

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INTRODUCTION

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Frank Lacey. My business address is 3 Traylor Drive, West Chester,
4 PA 19382.

5 **Q. BY WHOM ARE YOU EMPLOYED AND ON WHOSE BEHALF ARE**
6 **YOU TESTIFYING?**

7 A. I am an independent consultant testifying on behalf of Direct Energy Services,
8 LLC. Direct Energy is wholly owned by United Kingdom-based Centrica plc,
9 one of the world's leading integrated energy companies that operates in seven (7)
10 countries with more than 37,000 employees worldwide. With approximately
11 5,500 employees serving nearly five (5) million customers, Direct Energy is one
12 of the largest providers of electricity, natural gas, renewable energy and related
13 services in North America. Direct Energy is licensed to supply electric generation
14 in Delaware and in the Delmarva Service territory.

15 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
16 **PROFESSIONAL EXPERIENCE.**

17 A. I have worked in the electric power industry for approximately 23 years,
18 beginning immediately after earning my graduate degree. I have worked on
19 major industry restructuring issues including generation asset divestiture, with a
20 specialization in environmental asset valuation which became relevant after the
21 Clean Air Act Amendments of 1992 became law; stranded cost valuations;
22 transmission restructuring including the development of ISOs/RTOs and other
23 independent transmission entities; the development of retail energy markets; and
24 the development of demand response markets. I have worked as a consultant to
25 industry participants and directly as an industry participant. As a consultant, I

1 was employed by Putnam, Hayes & Bartlett, Inc. and Arthur Andersen Business
2 Consulting. Within the industry, I have worked for Strategic Energy, a retail
3 electricity supplier, Direct Energy, a retail energy supplier that acquired Strategic
4 Energy in 2008, and most recently, Converge, Inc. and CPower, two companies
5 that share a common owner and provide demand response services to residential
6 and commercial & industrial customers, respectively. I created Electric Advisors
7 Consulting in the fall of 2015. As a consultant, I am providing policy-related
8 consulting services to advanced energy management companies, including retail
9 energy and distributed resource related interests. I hold a Bachelor of Science
10 degree in Transportation and Logistics from the University of Maryland and a
11 Master of Science in Industrial Administration from the Tepper School of
12 Business at Carnegie Mellon University.

13 **Q. WOULD YOU PLEASE DESCRIBE YOUR PROFESSIONAL**
14 **AFFILIATIONS?**

15 A. I am currently a member of the board of Directors of the Smart Electric Power
16 Alliance (“SEPA”), a trade association with more than 1,000 members including
17 utilities, distributed resource providers and related service providers. For SEPA, I
18 also Chair the Smart Grid Advisory Group. The Advisory Group is largely
19 comprised of the individuals, including me, who were the board of directors of the
20 Association for Demand Response and Smart Grid which was acquired by the
21 Solar Electric Power Association in late 2015 and as a result of that merger, was
22 rebranded to become the Smart Electric Power Alliance. Prior to its dissolution in
23 2015, I served on the board of directors of the Demand Response and Smart Grid
24 Coalition. I am also one of the founding member of the Advanced Energy

1 Management Alliance and currently serve as its Chairman. I served on the board
2 of directors of ERCOT, the grid operator in Texas, from 2002 to 2004.

3 **Q. HAVE YOU EVER TESTIFIED BEFORE THE DELAWARE PUBLIC**
4 **SERVICE COMMISSION OR ANY OTHER UTILITY REGULATORY**
5 **AGENCY?**

6 A. I have never testified before this agency but have testified numerous times before
7 state regulatory agencies, legislatures and twice as a technical conference witness
8 at the Federal Energy Regulatory Commission (FERC). I have provided expert
9 testimony in Pennsylvania, Ohio, Maryland, Illinois, Utah and California. I have
10 presented oral testimony in less formal proceedings before the Commissions of
11 Maryland, Pennsylvania and Texas. I have presented legislative testimony in
12 New York, Maryland, Pennsylvania, California, Texas and Virginia. I have also
13 spoken at numerous trade shows, conferences and other industry and corporate
14 events as an expert on market issues.

15 **Q. WHAT IS DIRECT ENERGY'S INTEREST IN THIS PROCEEDING?**

16 A. Direct Energy has, among other businesses, a competitive electric retail supply
17 business operating in Delaware. In June, 2016, Direct Energy entered into a
18 contract with the Department of State after it won a competitive solicitation issued
19 by the Delaware Electricity Affordability Committee (the "Committee"). In its
20 response to the Committee-issued RFP, Direct Energy proposed working with
21 Delmarva to include a bill insert in their billing statements (at Direct Energy's
22 own expense) and to facilitate access to SOS customers using Delmarva's on-line
23 billing platform in an effort to increase customers' awareness of the Electric
24 Affordability Program and the electricity offers provided under the Program.

1 In June of 2016, Direct Energy petitioned the Public Service Commission (“PSC”
2 or “Commission”) to have Delmarva include an educational bill insert regarding
3 that program. Direct Energy’s interest is seeing that an appropriate bill insert be
4 included in a bill mailing so that customers can be informed of the opportunity
5 afforded to them by the State.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. In this testimony, I will recommend that the Commission adopt Direct Energy’s
9 proposal to direct Delmarva to send a bill insert describing the voluntary opt-in
10 electric supply program for Delaware residential and small commercial customers
11 (the “Program”) that Direct Energy was contracted to provide as the Electric
12 Retail Supplier Exclusively Contracted by the State. I will explain why, in my
13 opinion, it is important that a bill insert in the Delmarva bill be used to educate
14 Delmarva rate payers about this special, state-sanctioned program. First,
15 educational notices will be more effective if coming in the utility bill. Second, no
16 entity other than the utility holds the information that is necessary to ensure that
17 the message gets to all of the right individuals who might be making electricity
18 decisions. I will also show that it is not a new practice to have the utility send a
19 mailer when new, state-sponsored opportunities are developed for customers.
20 Finally, I will show that by not doing so, approximately \$41 million in annual
21 potential consumer surplus may not be realized by SOS customers and infused
22 back into the Delaware economy.

23 **LEGISLATIVE PROGRAM**

24 **Q. ARE YOU FAMILIAR WITH SUBSTITUTE NO. 1 FOR SENATE BILL**
25 **160?**

1 A. I am.

2 **Q. COULD YOU PLEASE SUMMARIZE YOUR UNDERSTANDING OF**
3 **THAT LEGISLATION?**

4 A. The legislation includes a section that creates a committee now known as the
5 Electricity Affordability Committee which is comprised of government officials
6 from several different state agencies (the "Committee"). The legislation directs
7 the Committee to evaluate an opt-in electricity affordability program for
8 residential and small business customers. The legislation gives the Secretary of
9 State, as chair of the Committee, the authority to select and contract with a PSC-
10 certified electricity supplier if the Committee determined that a program would be
11 beneficial to residential and small business customers.

12 **Q. DID THAT LEGISLATION PASS THE RESPECTIVE CHAMBERS OF**
13 **GOVERNMENT REQUIRED TO BECOME LAW?**

14 A. Yes. It passed both the House and the Senate with unanimous votes. The vote
15 count was 40-0 in the House and 21-0 in the Senate.

16 **Q. WAS A PROGRAM DETERMINED TO BE BENEFICIAL TO**
17 **RESIDENTIAL AND SMALL BUSINESS CUSTOMERS?**

18 A. Yes. A public process was convened and overseen by the Delaware Public
19 Service Commission Staff to receive input from all interested parties, resulting in
20 a Commission Staff report recommending to the Committee that a formal Request
21 for Proposal ("RFP") be developed and issued to select a winning bidder.

22 **Q. WAS A REQUEST FOR PROPOSALS ISSUED BY THE COMMITTEE?**

23 A. The Committee adopted the Staff recommendation and issued a detailed RFP for a
24 potential contract with the State of Delaware to provide a multi-year fixed per
25 kilowatt-hour electric supply rate for residential and small commercial customers,

1 to provide value added products and services to help consumers manage their
2 energy bills, and to provide other potential customer benefits on January 22, 2016.

3 **Q. DID COMPANIES OTHER THAN DIRECT ENERGY SUBMIT**
4 **RESPONSES TO THE RFP?**

5
6 A. Yes. Six bids were submitted. The bids were reviewed by Commission Staff who
7 recommended to the Committee that Direct Energy be selected in light of its
8 qualified proposal and fiscal and technical experience. The Committee convened
9 a public meeting on April 22, 2016 to review the Commission Staff's
10 recommendations and voted unanimously to approve Direct Energy as the
11 winning bidder and allow the DOS to negotiate a contract to move forward with
12 the Program utilizing Direct Energy as the electric retail supplier exclusively
13 contracted by the State.

14 **Q. DIRECT ENERGY IS REQUESTING THAT THE COMMISSION**
15 **DIRECT DELMARVA TO INCLUDE A BILL INSERT TO DESCRIBE**
16 **THE PROGRAM TO ITS CUSTOMERS. DOES THE LEGISLATION**
17 **SUPPORT THAT REQUEST?**

18 A. The legislation compels the Secretary of the Committee to direct the Public
19 Service Commission to coordinate the implementation of the program including
20 appropriate customer awareness and marketing activities. While the legislation
21 does not specifically say "bill insert", it certainly envisions communications to
22 and education of customers.

23
24 **BILL INSERT EFFECTIVENESS**

25 **Q. DIRECT ENERGY HAS ASKED THE PUBLIC SERVICE COMMISSION**
26 **TO DIRECT DELMARVA TO INCLUDE AN INFORMATIONAL BILL**
27 **INSERT ABOUT THE STATE AUTHORIZED RETAIL SUPPLY**
28 **CONTRACT. WHY IS A BILL INSERT APPROPRIATE IN THIS**
29 **INSTANCE AS OPPOSED TO THE COMMUNICATIONS CHANNELS**

1 **TYPICALLY USED BY ELECTRIC SUPPLIERS TO INFORM**
2 **CUSTOMERS ABOUT ELECTRIC SERVICE OFFERS?**

3 A. Because of the state-authorized nature of this retail supply contract it is
4 appropriate to use a communications mechanism by which all eligible customers
5 will be exposed. A utility bill insert is the most effective means of reaching all
6 eligible customers in the Delmarva service territory.

7 **Q. WHY IS A BILL INSERT AN EFFECTIVE WAY TO COMMUNICATE**
8 **AND EDUCATE ELECTRICITY CUSTOMERS?**

9 A. Utilities across the country have been educating customers for years about various
10 programs, incentives, rebates, safety issues, and other items through the use of bill
11 inserts.

12 I believe they are more effective than a mass mailing from an electric
13 supplier for several reasons. First and most importantly, the envelope is opened.
14 I believe that the majority of electricity bills are still paid by check. That means
15 that someone has to open the envelope, read the bill and respond to it. If nothing
16 else, the bill insert is touched in the process. This is in stark contrast to a mailing
17 that might come from an unknown company addressed to “Occupant”, “Resident”
18 or the “Electric Account Owner” at the address. Many of those letters are
19 deposited directly into a trash or recycle bin.

20 Second, bill inserts have a long track record of being fact-based. A bill
21 insert typically would inform customers of various programs in effect or provide
22 education about safety issues such as what to do (and not to do) when coming
23 across downed wires or being out in a thunderstorm. Again, this is in stark

1 contrast to a mass mailing that may have a compelling offer printed on the outside
2 of the envelope, but still is coming from a relatively unknown company.

3 Because of this history, the perception and understanding of a customer is
4 that the message is fact-based. Utilities are not usually perceived to be selling
5 something to customers, because they are already in a monopoly situation. Again,
6 that perception is not held for relatively unknown companies who communicate
7 with the “Occupant”, “Resident” or “Account Owner” at the address. For these
8 reasons, a bill insert is the most effective way in which to communicate
9 information to customers about this state-authorized electric service contract
10 offer.

11 **Q. WHEN USING CONVENTIONAL DIRECT MAIL ADVERTISING, WHY**
12 **MUST AN ELECTRIC SUPPLIER COMMUNICATE BY SENDING**
13 **SOMETHING TO THE OCCUPANT, RESIDENT OR ACCOUNT**
14 **OWNER AS OPPOSED TO THE CUSTOMER’S NAME?**

15 A. Delmarva still monopolizes customer information. It is not possible to get a
16 complete and accurate list of customers’ and account holders’ names and
17 addresses from Delmarva without getting consent from every customer.
18 Delmarva provides a customer list to suppliers but that list is incomplete. A
19 supplier could also buy mailing lists, or go poring through phone books, but those
20 names do not necessarily correlate to the person responsible for the electric
21 service. In fact, phone books do not typically align with a utility’s service
22 territory.

23 **Q. COULD DELMARVA ALTERNATIVELY MAKE COMPLETE AND**
24 **ACCURATE CUSTOMER INFORMATION DATA AVAILABLE TO**
25 **ELECTRICITY SUPPLIERS?**

1 A. Generally, if Delmarva made available complete customer data, that would permit
2 Direct Energy to send information about the State-authorized offer to every
3 customer in the service territory. In this instance, a bill insert from Delmarva
4 would nonetheless be the better approach.

5 **Q. WHY?**

6 A. The Program at issue here is a state-legislated initiative and one for which several
7 suppliers competed. A utility provided bill insert will distinguish this state-
8 authorized retail supply opportunity from other offers available in the market.
9 This situation is not very different from a state-authorized energy efficiency or
10 demand response program about which Delmarva provides information to its
11 customers. Those programs are state-authorized, opt-in, run through the utility,
12 have potential significant benefits for the customers and the services are largely
13 performed by companies other than the utility. Delmarva provides information
14 about those initiatives. It follows logically that they should educate customers
15 about this Program.

16 **Q. IN ADDITION TO DEMAND RESPONSE AND ENERGY EFFICIENCY**
17 **PROGRAMS SPONSORED BY THE UTILITY, ARE YOU AWARE OF**
18 **ANY OTHER INSTANCE IN WHICH THE COMMISSION HAS**
19 **APPROVED THE DISTRIBUTION OF A BILL INSERT TO**
20 **CUSTOMERS TO INFORM THEM ABOUT A PROGRAM BEING RUN**
21 **BY A COMPANY OTHER THAN DELMARVA?**

22 A. I am aware of at least two separate instances where the Commission has
23 authorized or directed Delmarva to include bill inserts educating customers about
24 non-utility services. First, the Commission has a long track record of educating
25 customers about retail choice options, including the use of bill inserts, dating back
26 to the onset of retail choice. In addition to bill inserts, the Public Service

1 Commission and utilities continue to provide educational materials on their
2 respective websites. Second, in a settlement reached when Delmarva originally
3 merged with Pepco (2002), the Commission allowed Delmarva to include a bill
4 insert to customers advising them of the existence of an organization to promote
5 renewable resources in Delaware. As Direct Energy has proposed here, the text of
6 that insert was previewed with the Staff and DPA prior to its inclusion as a bill insert.

7 **Q. ARE YOU AWARE OF ANY INSTANCES IN WHICH OTHER STATE**
8 **COMMISSIONS HAVE ORDERED DISTRIBUTION COMPANIES TO**
9 **INCLUDE INFORMATION ABOUT COMPETITIVE SUPPLY OFFERS**
10 **IN THE DISTRIBUTION BILL?**

11 A. Yes. The Pennsylvania Public Utility Commission directed FirstEnergy to
12 undertake a direct mail program pursuant to which the FirstEnergy EDCs directly
13 mailed individual EGS offers to residential and small commercial and industrial
14 (“C&I”) customers.¹ Approximately 1.6 million residential customers and
15 186,000 small C&I customers received these mailings from their specific
16 FirstEnergy EDC and were directed to contact one of the EGSs providing
17 information in the offer to commence service.² PPL proposed to undertake a

¹ See, e.g., *Joint Petition of Metropolitan Edison Company and Pennsylvania Electric Company for Approval of Their Default Service Programs* Docket Nos. P-2009-2093053 and P-2009-2093054, Opinion and Order entered November 6, 2009 at 20-21 (mailings were sent in 2011 and 2012); *Petition of Pennsylvania Power Company for approval of default service program for period from January 1, 2011 through May 31, 2013*, Docket No. P-2010-2157862, Opinion and Order entered on November 17, 2010 (the approved settlement provided for mailings that were first sent in November 2012 and an additional mailing was scheduled for February 2013); *Joint Application of West Penn Power Company d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp. for a Certificate of Public Convenience under Section 1102(a)(3) of the Public Utility Code approving a change of control of West Penn Power Company and Trans-Allegheny Interstate Line Company*, Docket Nos. A-2010-2176520; A-2010-2176732, Opinion and Order entered March 8, 2011 (the approved settlement provided for mailings to customers regarding competitive offers and promotion of shopping opportunities which were sent in September 2012).

² For Met-Ed, 495,000 residential customers and 40,000 small commercial and industrial customers received the mailings. For Penelec, 500,000 residential and 51,000 small commercial and industrial customers received the mailings. For Penn Power, 143,000 residential and 20,000 small commercial and

1 similar one-time direct mailing of EGS offers to residential default service
2 customers in 2013 but the Commission ultimately concluded this proposal was
3 unnecessary since it was directing PPL to implement other programs to stimulate
4 shopping.³

5 **VALUE TO CUSTOMERS**

6 **Q. YOU HAVE MENTIONED EARLY STAGE CUSTOMER CHOICE,**
7 **DEMAND RESPONSE, ENERGY EFFICIENCY AND A RENEWABLE**
8 **ENERGY FUND AS SUBJECTS THAT HAVE BEEN INCLUDED IN**
9 **INFORMATIONAL CAMPAIGNS BY DELMARVA. DIDN'T THOSE**
10 **RESOURCES AT THE TIME, OFFER A VALUE PROPOSITION FOR**
11 **CUSTOMERS THAT WAS NOT AVAILABLE BEFORE THEN?**

12 A. Yes. And the Commission rightly directed Delmarva to include that information
13 to benefit and educate its customers about these new opportunities. The same
14 situation applies today, where the Legislature has provided for a new opportunity
15 for Delaware customer to achieve significant savings in the energy market.
16 Delmarva should educate its customers about that opportunity.

17 **Q. HOW WOULD YOU ESTIMATE THE VALUE OF THE OPPORTUNITY**
18 **THAT HAS BEEN CREATED FOR DELAWARE CUSTOMERS?**

19 A. As of today, the offer reflected in the Direct Energy State Approved Contract
20 could provide approximately \$41 million worth of annual savings opportunity that
21 is available to residential customers, which equates to approximately \$166 per
22 year per residential customer on SOS. The opportunity across the entire
23 Delmarva territory is greater than that.

industrial customers received the mailings. For Allegheny Power, 505,000 residential and 75,000 small commercial and industrial customers received mailings. These numbers are based on the number of inserts that were required by FirstEnergy to participate in each of the mailings.

³ *Petition of PPL Electric Utilities Corporation For Approval of a Default Service Program and Procurement Plan, Docket No. P-2012-2302074, Opinion and Order entered January 24, 2013 at 129-132.*

1 **Q. HOW DID YOU CALCULATE THAT POTENTIAL OPPORTUNITY?**

2 A. I took the expected per kwh savings and multiplied it by the kwh served on SOS
3 load for the 12-month period ending April 29, 2016, the last month for which data
4 is available on the Commission's website. That calculation yields an estimate of
5 \$41,248,699 in potential savings. Then, I took that number and divided it by
6 248,911, which is the number of residential customers receiving SOS which gives
7 rise to the \$166 per customer savings value.

8 **Q. ISN'T THAT \$41 MILLION IN ANNUAL SAVINGS ALWAYS**
9 **AVAILABLE?**

10 A. No. There is no guarantee that the energy markets will stay stable. If they remain
11 stable, that savings will be available for at least two years. However, retail prices
12 could increase and that energy benefit could go away for all customers under
13 traditional retail practices. Direct Energy has entered into a contract with the
14 State and has guaranteed a price for two full years, so the savings would be
15 realized if customers were educated about that product and adopted it for their
16 homes.

17 **Q. YOU MENTION THAT PRICES CAN INCREASE. CAN'T ENERGY**
18 **PRICES ALSO DECREASE?**

19 A. Yes. Prices can move both directions.

20 **Q. AND IF PRICES DECREASE AND AS A RESULT, THE WHOLESALE**
21 **MARKET OFFERS SOS PRODUCTS AT A RATE THAT IS LOWER**
22 **THAN TODAY, DOESN'T THAT MEAN SOME OF THAT BENEFIT**
23 **WOULD BE LOST?**

24 A. Yes. It is possible that a portion of that benefit might be lost if the SOS price
25 decreased and Direct Energy kept its offers stable. But for several reasons, that is
26 still a good outcome and by no means should that potential outcome suggest that

1 Delmarva should not be directed to send a bill insert educating consumers about
2 the Program.

3 First, a smaller savings is certainly not a bad thing for customers – it is just
4 not as good as what would be available today. Because of the laddered contract
5 structure, it is highly improbable that the price will move so dramatically that all
6 of the savings will be forgone. Mathematically, the price of the next round of
7 wholesale SOS offers would need to come in approximately 50% lower than the
8 current SOS rate to eliminate the entire 17% savings being offered by Direct
9 Energy under the Program. Unfortunately for customers, laddering of SOS
10 contracts has the effect of slowing down a SOS customer’s realization of price
11 reductions when they happen. Delmarva uses a three-year laddering of SOS
12 contract purchases to smooth transitioning electricity prices for residential and
13 small commercial and industrial customers, so only one-third of the portfolio of
14 energy contracts has its price modified from one year to the next. If wholesale
15 market prices were to decrease that significantly, it is highly probable that Direct
16 Energy could and would lower its price offer on the products it is offering under
17 the Program.

SOS Price Reduction Required to Offset Savings				
	2016/2017 SOS Rate		Hypothetical 2017/2018 SOS Rate	
<u>Auction</u>	<u>Price</u>	<u>Weighting</u>	<u>Price</u>	<u>Weighting</u>
Auction 1	9.58	1/3	-	-
Auction 2	9.58	1/3	9.58	1/3
Auction 3	9.58	1/3	9.58	1/3
Auction 4	-	-	4.81	1/3
Weighted Avg Price	9.58		7.99	

Auction Price required to Offset Current Savings 4.81 cents/kwh
 Percentage Reduction to Offset Current Savings 50%

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Q. DID YOU MAKE ANY ASSUMPTIONS WHEN MAKING THIS BREAK-EVEN CALCULATION?

9

A. Yes. First, I only calculated savings only for the “R” rate class, which represents the largest share of residential customers. Also, I assumed that each auction is for exactly one-third of the SOS load procured. For that to be true, SOS load would have had to remain exactly constant over the three-year period when the auctions were held. Some customers have migrated off of SOS. Other customers have moved into the service territory and have begun SOS service with Delmarva over that span and they have made those moves over the terms of the current and expiring SOS contracts. That means the percentage reduction required to offset any value might not be exactly 50% and the required price might not be exactly

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1 4.81 cents per kwh. However, it is likely that migration onto and off of SOS
2 occurred at a relatively flat level over the past three years. If, however, load
3 migrated away earlier in the term, the required reductions to eliminate the savings
4 opportunity will be slightly lower. If load migrated away later in the term, then
5 the required reduction would be slightly higher. These phenomena represent the
6 reality of the laddered contracts and load migration on a utility system. The
7 numbers in magnitude (50% decline or \$48/mwh decrease in wholesale energy
8 prices) show just how unlikely the wholesale suppliers are to offer a price that
9 would cause the savings from the Direct Energy Program to be lost.

10 **Q. DIRECT ENERGY IS MAKING MULTIPLE PRODUCT OFFERINGS**
11 **AVAILABLE TO CUSTOMERS UNDER THE PROGRAM. CAN YOU**
12 **ELABORATE ON THEIR VALUE POTENTIAL TO CUSTOMERS?**

13 A. Yes. I have already explained the value created by the low-commodity cost
14 product. The value proposition for the other products is more difficult to quantify
15 than a straight electricity price reduction because several variables influence each
16 customer's individual value realization. Direct Energy is also offering an
17 electricity product that has a price for electricity that is 15% lower than the
18 current SOS rate but it also includes a heating and cooling essentials repair plan
19 valued at \$100. The repair plan includes coverage up to \$500 per repair with no
20 deductibles or service visit charge. So, while one customer might have an annual
21 value of just the reduced rates and the free "coverage", another customer might
22 add to that value a free \$500 repair on their furnace or air conditioner.

23 Similarly, Direct Energy is offering another product that includes an 11%
24 price discount, the heating and cooling essentials plan and a Nest learning
25 thermostat. In addition to the value proposition above, the Nest learning

1 thermostat is estimated to save customers between 10 and 15 percent off their
2 heating and cooling energy bills. These savings are not reflected in the rate
3 discount, but nonetheless, result in added customer benefits that is revealed
4 through a lower overall energy bill.

5 The Direct Energy Program also offers these similar benefits to small
6 commercial customers in Delmarva's service territory, increasing the state-wide
7 potential savings benefit of the Program.

8
9

CONCLUSION

10 **Q. CAN YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

11 A. Yes. The Program at issue was enacted legislatively by unanimous votes in both
12 chambers of the Delaware legislature. The Electricity Affordability Committee
13 was formed and it ultimately issued an RFP for the Program. Direct Energy, with
14 an RFP response that included a suggestion to use a bill insert to inform the
15 customers of the Program, was awarded a contract with the state to offer the
16 Program. Bill inserts are among the most effective ways to communicate with
17 and educate electricity customers. They have been used historically and are used
18 currently in Delaware to educate customers about programs run by companies
19 other than the utility and have been used in other jurisdictions to inform
20 customers about supplier offers. Delmarva still monopolizes the most accurate
21 customer information, so there is no other manner to educate customers as cost-
22 effectively as a bill insert. By not including a bill insert to educate customers
23 about this program, customers are in danger of not realizing \$41 million in

1 potential consumer savings per year. Delmarva should be directed to include a
2 bill insert to educate consumers about the Program.

3 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

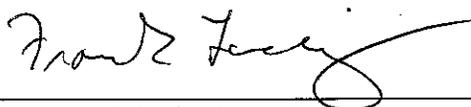
4 A. Yes.

VERIFICATION

I, Frank Lacey, Principal of Electric Advisors Consulting, hereby verify that I am authorized to and do make this Verification for Direct Energy Services, LLC, and that the facts set forth in the foregoing Comments, including the Direct Testimony in Attachment A, are true and correct to the best of my knowledge, information and belief, and that I expect Direct Energy Services, LLC to prove the same at any hearing in this matter.

8-31-16

Date



Frank Lacey, Principal
Electric Advisors Consulting

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE PETITION OF)
DIRECT ENERGY SERVICES, LLC TO)
REQUEST THE PUBLIC SERVICE)
COMMISSION TO ISSUE, ON AN)
EXPEDITED BASIS, AN ORDER)
DIRECTING DELMARVA POWER & LIGHT) PSC DOCKET NO. 16-0744
COMPANY TO DISTRIBUTE AN)
EDUCATIONAL BILL INSERT REGARDING)
THE OPTIONS AVAILABLE UNDER THE)
CONTRACT AWARDED BY THE STATE OF)
DELAWARE (Filed June 30, 2016))

CERTIFICATE OF SERVICE

I hereby certify that on August 31, 2016, I caused a copy of the **Comments of Direct Energy Services, LLC** to be served on the following persons in the manner indicated below, and to be filed with the Delaware Public Service Commission using DelaFile

Via Electronic Mail

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Via U.S. First-Class Mail

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Dated: August 31, 2016

ECKERT SEAMANS CHERIN & MELLOTT, LLC

/s/ Tara L. Lattomus

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