

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

2 A. Michele L. Caddell, 290 W. Nationwide Blvd, Columbus, Ohio 43215.

3 **Q. Are you the same Michele L. Caddell who submitted Rebuttal Testimony**
4 **in this proceeding?**

5 A. Yes.

6 **Q. What is the purpose of your Surrebuttal testimony?**

7 A. The purpose of my Surrebuttal Testimony is to respond to certain parts of the
8 Rebuttal Testimony of Mr. James L. Crist, filed on behalf of The Pennsylvania State
9 University ("PSU").

10 **Q. In Exhibit PSU-R-1, Mr Crist recommends using the highest gas cost paid**
11 **by the Company for gas delivered to the same market area when a**
12 **difference exists between the daily OMO level and actual daily OMO**
13 **compliance quantities delivered to the Company. Would you like to**
14 **comment?**

15 A. Yes, in the past the Company used a similar methodology to determine its annual
16 cash in and cash out under its Choice program. The Company applied a weighted
17 average commodity cost of gas purchased by the Company in its calculation for the
18 annual reconciliation of aggregation imbalances. In the Company's 2014 Base Rate
19 filing (Docket No. 2014-2406274), Natural Gas Suppliers ("NGSs") serving
20 customers under the Company's Choice program argued for a published index rate,
21 instead of the Company's gas purchase cost. The NGSs claimed that the transparency

1 of the published index and having a market-based cost that was not tied to the
2 Company's purchasing practices would be an improvement. As a result, the Company
3 agreed to implement an index price structure. Mr. Crist's recommendation to use the
4 gas cost paid by the Company is a step backwards, as it will not provide NGSs and
5 customers with a pricing model that provides visibility and the capability to
6 determine potential exposure. Mr. Crist has not considered that there are occasions
7 when the Company would not be purchasing gas on a daily basis. For example, when
8 considering warm winter conditions and the need to maximize the withdrawal of its
9 storage assets to comply with pipeline tariff limitations, the Company may need to
10 issue OMOs limiting deliveries to actual consumption while at the same time not
11 purchasing supply. Moreover, Mr. Crist's recommendation only applies to OMO
12 meters, so there would be a different penalty structure for OFO meters. Having
13 different penalty structures would create confusion, would require programming
14 changes, would force separate nomination pools for OMO and OFO meters, and
15 potentially double or triple the number of nomination pools by PSP, thereby resulting
16 in additional administrative work for GDS Customers like PSU and NGSs.

17 **Q. How is the Gas Day defined?**

18 A. The Company follows the North American Energy Standards Board ("NAESB") gas
19 day which starts at 9:00 AM Central and ends the next calendar day at 9:00 AM
20 Central.

21 **Q. Would you like to comment on Mr. Crist's suggestion about usage being**

1 **available on the Company's internet website 2 hours after the close of the**
2 **gas day?**

3 A. Yes. In paragraph 54-b of the Joint Petition for Settlement approved in the
4 Company's base rate case in Docket No. R-2016-2529660, the parties in the case,
5 which included PSU, agreed that the Company on a commercially reasonable basis
6 would provide customer usage on its internet website by 1:00 PM (12:00 PM Central)
7 following the day for which the data is being provided for any customer with an
8 Electronic Flow Corrector and operable telephonic equipment to transmit daily usage
9 information. The previously-agreed upon timeline outlined above is reasonable.
10 Shortening that timeline by an hour, as suggested by Mr. Crist, would result in
11 incremental costs to reprogram systems/processes that were implemented in 2017
12 and would provide very little to no benefit to customers.

13 **Q. Would you like to comment on Mr. Crist's proposal to reduce the rate**
14 **multiplier from 3 times to 1.2 times when usage is available on the**
15 **Company's internet website?**

16 A. Yes. As noted above, usage is available by 1:00 PM, as previously agreed upon in the
17 Company's 2016 base rate case settlement. Mr. Crist has not provided a sufficient
18 argument as to why the rate multiplier should be reduced from 3 times to 1.2 times.
19 However, the Company's concern with reducing the multiplier is that doing so would
20 reduce the incentive for a customer to maintain operable equipment and a telephone
21 lines, and thereby impede the Company's access to the customer's daily usage

1 information.

2 **Q. Mr. Crist recommends reducing the multiplier from 1.5 times to 1.1**
3 **times when usage is not available at the end of the OMO period. Do you**
4 **agree?**

5 A. No. In paragraph 55 of the Joint Petition for Settlement filed in Docket No. R-2016-
6 2529660, the Company and intervening parties, including PSU, agreed to reduce the
7 multiplier from 3 times to 1.5 times when usage data is not available at the end of the
8 OMO period. It is an essential part of the GDS customer and NGS relationship to
9 coordinate and communicate on days when the Company calls an OMO, to either
10 reduce demand to align with supply or increase supply to align with demand in an
11 effort to comply with the OMO. As previously stated, reducing the multiplier beyond
12 1.5 would diminish the customer's responsibility to resolve known issues related to
13 equipment failure or an inoperable telephone line, and in general to comply with an
14 operational order.

15 **Q. Does this complete your Prepared Surrebuttal Testimony?**

16 A. Yes, it does.