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FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)
Ohio, Inc. for Approval of Tariff for Rate PTR 2.0.) Case No. 11-2798-EL-ATA

OHIO PARTNERS FOR AFFORDABLE ENERGY'S COMMENTS ON THE AMENDED APPLICATION

Ohio Partners for Affordable Energy ("OPAE") herein comments on the amended application filed on May 12, 2011 by Duke Energy Ohio, Inc., ("Duke") for approval of a tariff for Rate PTR 2.0. The filing was amended because the tariff in the original filing incorrectly designated the tariff as one for Rate PTR, whereas the correct designation should have been Rate PTR 2.0.

In making this correction to the name of the tariff, Duke also comments on two issues raised by OPAE in its May 4, 2011 motion to intervene. OPAE recommended two changes to the application.

The first change concerns Duke's proposal to offer the PTR 2.0 rate to 200 customers via an opt-out approach. Under the opt-out approach, customers will receive notification that they are being placed in the PTR 2.0 rate pilot program and informed that, if they prefer not to participate, they need to inform Duke in order to be removed from the pilot. Application at 2. OPAE does not support any tariff with an opt-out provision under which customers are placed involuntarily in a program and must act affirmatively to opt out of the program. The opt-out provision is unacceptable because it places customers in a program without their prior knowledge and consent and forces them to act to remove themselves from the program. The opt-out provision in this tariff sets an unacceptable precedent for future opt-out provisions in tariffs. No customer should ever be placed into a program without the customer's prior knowledge and consent, nor should a customer be forced to act affirmatively to avoid participation in a program in which the customer did not himself enroll. Because OPAE agrees that this tariff should be well received by customers who actually choose to participate on their own, it is not necessary to put 200 customers in the program under an opt-out provision. The Commission should reject the provision in the application that 200 customers will be enrolled in this program without their prior knowledge and consent so that they must act affirmatively to be removed from the program. Duke should be able to enroll all 500 customers in this program without the use of the coercive opt-out provision.

In its application for an amended tariff, Duke claims that the opt-out strategy will allow Duke to gain insight into different strategies to acquire customers in programs. Amended Application at 3. Duke states that the opt-out approach will allow Duke to gain understanding of how to attract and acquire customers in time-differentiated pricing offers. Duke also claims that it will gain understanding if the level of behavioral modification taken by customers who affirmatively select to participate is different from the behavioral modification taken by customers who were involuntarily placed on the tariff by Duke. Id.

These justifications by Duke do not change OPAE's recommendation that the opt-out provision should be rejected. It is hard to imagine anything beneficial about an opt-out provision; therefore, there is no reason to study the impact of opt-out provisions on customers and their behavior. Customers should never be placed in a time-differentiated program by the utility; customers should voluntarily place themselves in the program or not be in the program at all.

In its motion to intervene, OPAE also disagreed with the tariff provision that customers on budget billing are ineligible to participate in the program. Budget billing is a common practice that merely allows customers to even out their bills over the course of a year. In its amended filing, Duke claims that in order for price signals associated with rate PTR 2.0 to motivate behavior, the signals must be seen in a timely manner on the monthly bill. According to Duke, a customer having to wait for an annual true-up to see the credits associated with behavioral changes is not getting the appropriate positive reinforcement for motivating behavior during the peak event. Duke also claims that the budget billing capability has not yet been integrated into Duke's interval meter billing system. Id.

Allowing customers on budget bills to participate in the program will widen the number of eligible customers, which should make the opt-out provision unnecessary. Moreover, customers on budget bills are already familiar with the wait for the annual true-up to realize savings (or pay more) as a result of their usage behavior; therefore, it is unlikely that the wait for the true-up and the slight savings from the PTR 2.0 program will be discouraging or eliminate the motivation for customers. In the same way, customers on budget bills already see the effects of their monthly usage on bills even if they do not pay the amount or receive a credit until later. Moreover, it will be informative to determine whether customers who choose to manage their bills through a budget billing option respond in a similar fashion as those not on budget billing. Duke provides no data to show that budget-billing customers are less likely to take advantage of energy efficiency programs, nor does Duke produce any evidence from the myriad of smart meter pilots that budget-billing customers fail to modify behavior to take advantage of the savings. This is an issue that clearly requires information that can be gained by allowing budget-billing customers to participate in the program.

As for the billing system, only 500 customers will participate in the program, and not all of those will be on budget bills if the program is opened up to budget-billed customers. Duke ought to be able to accomplish billing for this very small number of customers.

In conclusion, the Commission should approve the amended tariff filing, but with the two changes recommended by OPAE. The opt-out strategy should be rejected. No customer should be placed in the program by Duke. The customer must voluntarily enroll in the program. Customers on budget billing should be eligible to enroll in the program. The existence of smart meters will not eliminate the need for and convenience of budget billing; therefore, both customers and Duke should begin accommodation of smart meters with billing options such as budget billing.

Respectfully submitted,

Colleen Mooney

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45840
Telephone: (419) 425-8860
FAX: (419) 425-8862
cmooney2@columbus.rr.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments on the Amended Application was served electronically upon the following parties identified below in this case on this 18th day of May 2011.

Colleen Mooney
Colleen L. Mooney

Amy B. Spiller
Elizabeth H. Watts
Duke Energy Ohio
155 East Broad Street, 21st Floor
Columbus, Ohio 43215
amy.spiller@duke-energy.com
elizabeth.watts@duke-energy.com

William Wright
Attorney General's Office
Public Utilities Commission Section
180 E. Broad Street, 9th Floor
Columbus, Ohio 43215-3793
William.Wright@puc.state.oh.us