

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy)
Ohio, Inc. To Adjust Rider DR-IM and) Case No. 12-1811-GE-RDR
Rider AU for 2011 Smart Grid Costs.)

**OHIO PARTNERS FOR AFFORDABLE ENERGY'S
COMMENTS**

Ohio Partners for Affordable Energy ("OPAE") hereby respectfully submits to the Public Utilities Commission of Ohio ("Commission") these comments in the above referenced application concerning the request of Duke Energy Ohio, Inc., ("Duke") to adjust its Riders DR-IM and DR-AU for 2011 Smart Grid costs for electric and natural gas service, respectively. With the application, Duke filed the testimony of Peggy A. Laub, Donald L. Schneider, and Timothy J. Duff. These comments are filed in accordance with the attorney examiner's entry of October 12, 2012.

For the electric portion of the Smart Grid program, Rider DR-IM, Duke witness Laub testified that the per bill charge for all residential customers will be \$3.30 and for non-residential customers \$4.91. Duke also calculated \$2.38 million in savings in the 2011 revenue requirement along with a \$3.86 million reduction in the revenue requirement for deferred recovery. Ms. Laub testified that these are the savings and reductions agreed to in Case No. 10-2326-GE-RDR. Laub at 10. At this point, OPAE cannot verify these calculations, but has identified no issues with the calculations.

For the gas portion of the Smart Grid program, Duke has agreed to a guaranteed level of savings in Duke's next base rate case. In Case No. 12-1685-GA-AIR, Duke intends to roll in the gas Smart Grid investment in base rates as of its date certain, March 31, 2012, and continue Rider AU for the investment after the date certain. This is similar to Duke's process for Rider AMRP. Laub at 17. OPAE is an intervenor in the gas rate case and will address any issues in that docket.

OPAE urges Duke to complete its installations as planned by the end of 2013 and mid-2014. Given that hard-to-access ("HTA") meters have been a significant problem for other utilities in completing their installations of automated meters, Duke should give the HTA meters first priority. It will not be an acceptable excuse for Duke to claim that these hard-to-access meters were the cause of a failure to complete installations on schedule.

Duke witness Timothy J. Duff testified about the efforts of the Smart Grid collaborative to develop time-of-use pilot programs using the smart meters. OPAE is a member of the Duke Smart Grid collaborative and regularly attends its meetings. Mr. Duff testified that customer acquisition results for the first two pilots were somewhat disappointing. For the first pilot, TD-AM (time of day automated meters), Duke solicited over 6,300 customers through multiple channels but only 20 eligible customers volunteered for the pilot. For the second pilot program, Rate PTR (prime time rebate) Duke solicited 2,800 customers and only 36 eligible customers volunteered for the pilot. Duff at 6.

Mr. Duff testified that the most common reason for the lack of participation was that customers were served by a competitive retail electric generation supplier rather than Duke Energy Ohio. Time differentiated rates are generation rates so that customers not receiving generation service from Duke are not eligible for the pilots. Mr. Duff also stated that customers want the opportunity to achieve meaningful savings, which would be between \$5 to \$20 per month. Customers also want a time of day rate structure with a shorter peak period during which they would need to curtail their usage. The seven hour peak windows in the TD-AM and PTR pilots were considered too long and disruptive. Customers also do not like the complexity of the time of day rate structures. Duff at 7.

With the collaborative, Duke revamped pilots to address these concerns. The number of seasons and the length of peak periods were revised. The 2012 pilot program, Time of Day 2012 (TD 2012), offered customers three variations of rates that reflect different ratios of peak- to off-peak pricing. The customer acquisition for the TD 2012 pilot proved to be the most successful to date, as Duke was able to enroll over 200 customers among the three rates. Duke also ran another version of the peak time rebate pilot program (PTR 2012). This pilot continued to offer customers the opportunity for a rebate for every kWh of reduction that they made during a peak period of 2 pm to 7 pm and the events for a rebate were expanded from 10 to 15 in the 2012 program.

Duke also used an opt-out customer acquisition strategy with this 2012 pilot. Duke offered 200 customers the pilot through the opt-out customer

acquisition strategy. Duff at 9. OPAE does not support opt-out customer acquisition strategies, particularly for low-income consumers. In the case of a program where failure to modify behavior can have dire consequences with respect to a customer's bill, opt-out strategies in the case of low-income consumers should not be used. OPAE recognizes that participation in pilot programs might be increased due to opt-out customer acquisitions, but negative outcomes from participation would be detrimental to the success of programs, and would be particularly harmful to at-risk consumers.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served electronically upon the following parties identified below in this case on this 21th day of November 2012.

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Summary: Comments electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy