

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Duke Energy Ohio, Inc., for Recovery)
of Program Costs, Lost Distribution) Case No. 13-753-EL-RDR
Revenue and Performance Incentives)
Related to its Energy Efficiency and)
Demand Response Programs.)

**OBJECTIONS TO DUKE’S APPLICATION
BY
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

The Office of the Ohio Consumers’ Counsel (“OCC”) files objections to the application of Duke Energy Ohio, Inc., docketed in this proceeding on March 28, 2013.¹ In its application, Duke proposes to increase the charges it collects from customers related to its energy efficiency and peak demand response program, through Rider EE-PDRR.

Through the Rider, Duke seeks to collect actual energy efficiency and peak demand response program costs for 2012, a revenue requirement for 2013 program costs, lost distribution margins associated with some non-residential rate classes and shared savings incentives for meeting program goals that the Public Utilities Commission of

¹ In its application, at 2, Duke references Ohio Adm. Code 4901:1-39-07, although it does not state that the application was filed pursuant to that rule. Ohio Adm. Code 4901:1-39-07(B) provides that “[a]ny person may file objections within thirty days of the filing of an electric utility’s application for recovery.” The rule, however, must also be read in conjunction with Ohio Adm. Code 4901:1-39-07(A), which states that an electric utility may submit a collection mechanism “[w]ith the filing of its proposed program portfolio plan....” Duke did not submit a portfolio plan with the application, and thus the applicability of Rule 7(B) is questionable. Nevertheless, in an abundance of caution, OCC submits these objections. OCC preserves its right to make additional filings in this case if the PUCO issues a procedural schedule for the case.

Ohio (“PUCO”) approved in Case No. 11-4393-EL-RDR.² For residential customers, the amount Duke would collect under Rider EE-PDRR would increase 49.97%, from the present charge of \$0.002317 per kWh to \$0.003475 per kWh.³ Duke’s proposal would increase the bill for a residential customer using 1,000 kWh per month by \$1.16.

OCC objects to the application because Duke did not properly net the measurement and verification (“M&V”) cost of the energy efficiency/peak demand reduction programs against the programs’ avoided costs. The total amount of shared savings used to calculate Duke’s shared savings incentive should have been, but was not, reduced by the M&V costs. As a result, Duke’s customers would pay more than they should through the Rider, if the application is approved. In order to protect consumers, the PUCO should make the necessary reduction in what customers will pay to Duke.

Customers pay Duke, through shared savings, when it provides more energy efficiency than required by law. The shared savings were included in the settlement in Duke’s first electric security plan case.⁴

The M&V costs that Duke seeks to collect are legitimate energy efficiency/peak demand program costs. These costs represent the “meter” measuring the energy efficiency/peak demand program kWh and KW savings. Just like the instrumentation of a power plant used to record the KW and kWh it produces is a legitimate power plant cost, so too are energy efficiency/peak demand program M&V costs. The program costs should be netted against the total avoided costs.

² See Application at 3.

³ Id., Direct Testimony of James E. Ziolkowski, Attachment JEZ-2.

⁴ *In the Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan*, Case No. 08-920-EL-SSO, Stipulation and Recommendation (October 27, 2008) at 24-25.

But in its calculations, Duke did not net the energy efficiency/peak demand reduction residential and non-residential program M&V costs from the programs' avoided costs.⁵ The total avoided costs are the sum of the net present value for capacity, energy, and transmission and distribution avoided costs. The netting of total energy efficiency/peak demand reduction program costs from total avoided costs yields the shared savings pool of dollars that is divided by consumers and Duke.

The energy efficiency/peak demand reduction program M&V costs totaled \$1,168,516 in 2012⁶ and are projected to be \$1,701,812 in 2013.⁷ This amount should be subtracted from the avoided cost benefits of the energy efficiency/peak demand programs each year to arrive at a new and lower net shared savings figure. The total amount of shared savings used to calculate Duke's shared savings pool of dollars should be reduced over 2012 and 2013 by the M&V cost of the energy efficiency programs, i.e., \$2,870,328.

OCC's recommended changes would reduce Duke's Shared Saving Revenue for 2012 by about 1.9%, from \$12,527,590 million to approximately \$12,289,563. For 2013, OCC's recommendation would reduce Duke's Shared Saving Revenue by about 3.4%, from \$5,903,534 million to approximately \$5,703,571. The total savings to customers would be \$437,990 over both years.⁸ The PUCO should adopt OCC's recommendation.

⁵ See Application, Ziolkowski Testimony, Attachment JEZ-1 at 3 and 4 of 10.

⁶ See id. at 3 of 10, column L.

⁷ See id. at 5 of 10, column L.

⁸ See id., at 3 and 5 of 10.

Respectfully submitted,

BRUCE J. WESTON
OHIO CONSUMERS' COUNSEL

/s/ Terry L. Etter

Terry L. Etter, Counsel of Record
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone: (614) 466-7964 (Etter direct)
etter@occ.state.oh.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of OCC's Objections was served on the persons stated below via electronic service this 29th day of April 2013.

/s/ Terry L. Etter

Terry L. Etter

Assistant Consumers' Counsel

SERVICE LIST

Devin Parram
Ryan O'Rourke
Assistant Attorney General
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
devin.parram@puc.state.oh.us
ryan.o'rourke@puc.state.oh.us

Amy B. Spiller
Elizabeth H. Watts
Duke Energy Ohio
139 E. Fourth Street, 1303-Main
P.O. Box 960
Cincinnati, Ohio 45201-0960
Amy.Spiller@duke-energy.com
Elizabeth.Watts@duke-energy.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/29/2013 5:19:49 PM

in

Case No(s). 13-0753-EL-RDR

Summary: Objection Objections to Duke's Application by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Etter, Terry L Mr.