

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to) Case No. 13-662-EL-UNC
Establish an Energy Efficiency Pilot)
Program for Low Income Customers.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By opinion and order issued November 22, 2011, the Commission approved a stipulation and recommendation filed in *In the Matter of Application of Duke Energy Ohio, Inc. for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications, and Tariffs for Generation Service*, Case Nos. 11-3549-EL-SSO, et al. (11-3549), which, *inter alia*, provided for an energy efficiency pilot program to permit People Working Cooperatively (PWC) to leverage Duke's energy efficiency funding to obtain funding from other sources to produce more energy efficiency that PWC will credit to Duke.
- (3) On March 15, 2013, Duke filed an application to establish an energy efficiency pilot program for low-income customers. In its application, Duke explains that PWC is a nonprofit organization providing home repair, enhanced mobility, and energy efficiency services to low-income, elderly, and disabled homeowners. Duke further states that it has utilized PWC to deliver a large portion of its low-income weatherization activities and, in the past, PWC has used Duke funds to generate funding from unaffiliated parties, including funds from government programs and private donors (leveraged funds). Duke also maintains that, although the incremental energy efficiency PWC produces with leveraged funds is made possible only by Duke's support, Duke does not currently receive credit toward its statutory energy efficiency mandate for PWC's energy efficiency.

According to Duke, the energy efficiency pilot proposed in this application would solve this issue by allowing Duke to purchase the energy efficiency produced from leveraged funds. In support of its request, Duke argues that the incremental energy efficiency generated by PWC's whole home program is made possible only by Duke's direct funding and, for this reason, it makes sense to develop a means by which Duke and its customers can count the impacts toward Duke's statutory energy efficiency mandates. Duke opines that this program will benefit all parties by providing PWC with additional funds for its services and Duke with incremental cost-effective energy efficiency. Duke states that it will pay PWC a fixed rate for the actual kilowatt hour (kWh) achievement in year one (and in each year of customer participation) of \$.255 per kWh installed weatherization measure that it achieves through its non-Duke funded weatherization programs. Duke asserts that, by purchasing these energy efficiency impacts at the agreed rate, the program costs will be slightly less than the net present value of the avoided cost benefit from the energy efficiency. Therefore, Duke explains that the proposed pilot program is projected to be a cost-effective program because Duke is only paying PWC for actual impacts that are subject to the same independent measurement and verification as all other Commission-approved energy efficiency programs.

According to Duke, the pilot program is proposed for a three-year period beginning on the effective date of this finding and order. An annual report of the program's energy efficiency benefits and costs associated with the pilot program will be included with Duke's annual true-up of its energy efficiency and peak demand reduction rider. Duke proposes that, if, at the end of the three-year pilot period, Duke and PWC agree to continue the program and the Commission does not end the program, it shall continue indefinitely.

- (4) On April 23, 2013, Ohio Partners for Affordable Energy (OPAE) filed a motion to intervene and comments in this case. In its motion to intervene, OPAE explains that it is an Ohio corporation with the stated purpose of advocating for affordable energy policies for low- and moderate-income Ohioans. Specifically, OPAE explains that its membership includes a number of nonprofit organizations with facilities

receiving electric service from Duke. Further, OPAE asserts that its participation in this matter will not cause undue delay, will not unjustly prejudice any existing party, and will contribute to the just and expeditious resolution of the issues and concerns raised in this proceeding.

- (5) On April 23, 2013, PWC filed a motion to intervene and comments in this case. In support of its motion, PWC explains that it is a small, nonprofit organization that has served consumers in the Duke service territory for over 35 years. PWC explains that its intervention in this proceeding is to support Duke's application in this case. PWC further explains that it has a real and substantial interest in this proceeding.
- (6) On April 30, 2013, the Ohio Consumers' Counsel (OCC) filed a motion to intervene and comments in this case stating that it represents the residential customers of Duke and its interest is different than any other party in this case. OCC states that its intervention will not unduly delay the proceeding and that it will significantly contribute to the resolution of the issues.
- (7) No memoranda contra the motions to intervene of OPAE, PWC, or OCC were filed. Accordingly, the Commission finds that the motions to intervene are reasonable and should be granted.
- (8) In its comments, OPAE asserts that the Duke Energy Efficiency Collaborative (Collaborative) has not received a report of the results of the pilot energy efficiency project, as Duke committed to in 11-3549. Second, OPAE argues that PWC is not necessarily the owner of the energy efficiency impacts it will sell to Duke. OPAE explains that many of PWC's programs are government funded, meaning that PWC is not necessarily the source of the funding and, therefore, there is the potential for taxpayers to fund a program as taxpayers and then pay Duke for the effects of the program as ratepayers. OPAE recommends the Commission convene a technical conference to determine the appropriate use of energy savings from leveraged funds and how those savings will be bid into PJM Interconnection, LLC's base residual auction.

- (9) OCC comments that it supports the pilot program primarily because of the potential benefits for low-income customers. However, OCC believes that there should be a cap of \$2 million over the three-year life of the pilot program. Furthermore, OCC states that Duke should be required to report annually on the incremental energy efficiency obtained through leveraged dollars to the Collaborative and through its energy efficiency portfolio status report that is filed with the Commission. In addition, OCC recommends that, at the end of the three-year program, the pilot program be evaluated and a Commission order be required for the program to continue.
- (10) On May 1, 2013, PWC filed reply comments stating that OCC's recommendations were reasonable. In response to OPAE's comments, PWC states that OPAE's concern regarding the ownership of the savings that PWC would be able to sell to Duke is unfounded and OPAE's assertion that the energy savings will have been paid for twice by taxpayers or utility customers is faulty. PWC asserts that OPAE disregards the energy efficiency benefits and focuses only on the costs of the program, which is inappropriate and unwise.
- (11) The Commission supports Duke's proposal to count the energy efficiency savings derived from this pilot toward its energy efficiency goals, to the extent Duke has purchased the non-Duke funded weatherization programs from PWC. Contrary to OPAE's assertions, there has been no showing that customers will pay twice for these benefits. However, the Commission agrees that there should be a cap of \$2 million over the three-year life of the pilot program. In addition, during the pilot program, Duke's independent program evaluator should review this program to ensure that the costs of the program do not exceed the total resource cost test. Should Duke and PWC wish to continue this program beyond the three-year term of the pilot, Duke must file an application with the Commission for prior review and approval. Moreover, consistent with its commitment in 11-3549, as well as Rule 4901:1-39-05, Ohio Administrative Code, Duke should report to the Collaborative, and through its energy efficiency portfolio status report, on the incremental energy efficiency obtained through leveraged dollars and on the results of the pilot project. Accordingly, upon consideration of Duke's application, the Commission finds that the proposed energy

efficiency pilot program is reasonable and should be approved, subject to the conditions set forth herein.

It is, therefore,

ORDERED, That the motions to intervene filed by OPAE, PWC, and OCC be granted. It is, further,

ORDERED, That Duke's application to establish an energy efficiency pilot program for low-income customers be approved, subject to the conditions set forth in finding (11). It is, further,

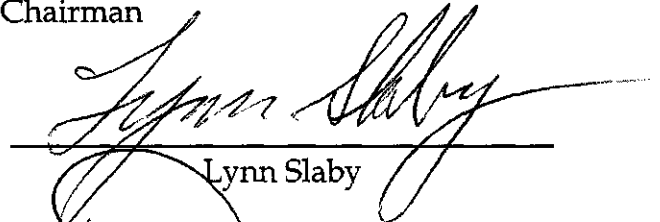
ORDERED, That nothing in this finding and order shall be binding upon the Commission in any future proceeding. It is, further,

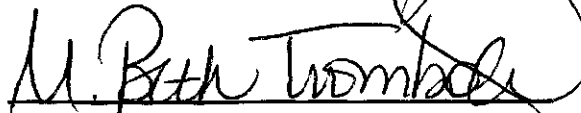
ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser

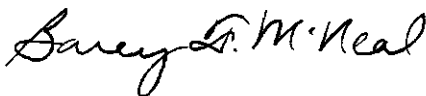

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Entered in the Journal

MAY 15 2013



Barcy F. McNeal
Secretary