

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

REPLY COMMENTS OF DUKE ENERGY OHIO, INC.

I. Introduction

Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) initiated this proceeding with the filing of an application (Application) to seek the Public Utilities Commission of Ohio (Commission) approval of its portfolio of programs for energy efficiency and demand reduction, as well as for the continuation of its cost recovery mechanism that was approved by the Commission in Case No. 11-4393-EL-RDR. The Company submitted the Application in conformance with the Commission's directives as set forth in the Opinion and Order in Case No. 11-4393-EL-RDR. In that Opinion and Order, the Commission noted that it was approving Duke Energy Ohio's portfolio with the proviso that the Company re-file for approval of a new portfolio in April of 2013, such that the beginning of the new portfolio and the duration of the Company's cost recovery mechanism would then be aligned. Case No. 11-4393-EL-RDR had been resolved by a Stipulation and Recommendation that was adopted and approved by the Commission in its entirety. Duke Energy Ohio submitted an application for approval of its continuing portfolio of programs in Case No. 13-431-EL-POR on April 15, 2013. The Commission also noted that while it would approve the Company's portfolio for the one year

time-period, and it expected the Company to re-file its portfolio and request for approval of a cost recovery mechanism, it did not intend that the parties to that proceeding would get a “second bite at the apple”, with respect to issues litigated in the two respective proceedings. The Commission observed that the issue of an incentive mechanism was “fully litigated” in the earlier proceeding. This Application represents the first filing to recover costs for energy efficiency and demand reduction under Rider EE-PDR. Notwithstanding the Commission’s explicit recognition that the subject of the cost recovery mechanism will not be re-litigated, it seems the parties that have filed comments in this proceeding have chosen to take a second, and maybe even a third bite of the apple notwithstanding.

II. Comments of the Parties

The Attorney Examiner issued a procedural schedule in this proceeding on June 13, 2013, inviting the Staff of the Public Utilities Commission of Ohio (Staff), and intervenors to file comments on July 1, 2013. The following parties filed comments: Staff, the Office of the Ohio Consumers’ Counsel (OCC) and Ohio Partners for Affordable Energy (OPAE), (herein collectively referred to as Parties). The Parties all make one single argument with respect to the Application submitted. The Parties argue that the Company did not properly net the evaluation measurement and verification (EM&V) cost of its energy efficiency/demand reduction programs against the avoided costs of the programs in the shared savings calculation.

III. Reply to Comments

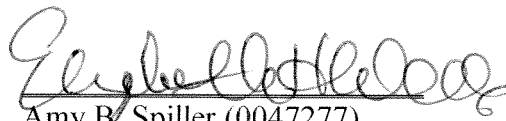
The methodology submitted in these proceedings for the calculation of the shared savings incentive is exactly the same as that which was filed in Case No. 11-4393-EL-RDR. In the 11-4393-EL-RDR proceeding, Duke Energy Ohio witness James E. Ziolkowski specifically provided written testimony that described how Rider EE-PDRR was to be calculated. At page 3

of his testimony, Mr. Ziolkowski explains that he is the witness responsible for explaining the calculation of the proposed Rider EE-PDRR. On Attachments 1, page 1 of 5, and Attachment 4, page 1 of 6, of Mr. Ziolkowski's testimony, the calculations are set forth in detail. Additional explanations related to the calculation are also shown in the proposed tariff filing that was submitted on August 22, 2012, in a Workpaper, page 1 of 6, and in an additional Amended Tariff that was submitted on September 4, 2012, Workpaper, page 1 of 6. All of these calculations demonstrate how to arrive at the appropriate tariff rate. In these illustrations, EM&V costs are not included in the shared savings calculation. The OCC, OPAE and Staff all participated in the 11-4393-EL-RDR, filed comments, and all signed the Stipulation resolving that proceeding. OCC, in that proceeding participated with other parties as part of the Ohio Consumer and Environmental Advocates (OCEA). None of the parties in that proceeding raised questions or offered opinions with respect to the inclusion or exclusion of EM&V costs. In fact, OCEA recommended four specific changes to the Company's shared savings incentive, but did not recommend that the Company modify the calculation to include EM&V expenses, nor did Staff or OPAE.

The Stipulation that was adopted and approved in the 11-4393-EL-RDR proceeding included a number of agreed upon provisions, including the adoption of many of the OCEA recommended modifications to the shared savings incentive structure, such as lowering the maximum allowed shared savings percentage to 13%, and exclusion of avoided costs associated with transmission and distribution investments that reduce line losses. No Party raised the issue of EM&V costs as related to the shared savings calculation, despite numerous opportunities to do so.

Duke Energy Ohio's shared savings calculation methodology has been consistent and unchanged and unquestioned, from the point of the initial application, through the point of receiving the Commission's approval of the tariffs incorporating that methodology on September 26, 2012. Duke Energy Ohio filed its Application in these proceedings in good faith reliance on the previous Stipulation and the Commission's adoption and approval of that Stipulation. Thus, it is inappropriate for the Parties to now object to the fact that EM&V costs were not included. Duke Energy Ohio's Application in this proceeding is consistent with the tariff approved by the Commission and Duke Energy Ohio respectfully requests that it be approved as submitted.

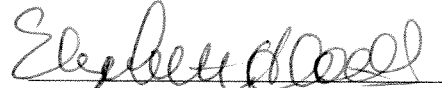
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Amy B. Spiller", written over a horizontal line.

Amy B. Spiller (0047277)
Deputy General Counsel
Elizabeth H. Watts (0031092)
Associate General Counsel
Duke Energy Shared Services, Inc.
155 East Broad Street, 21st Floor
Columbus, Ohio 43215
Phone: 614-222-1330
Elizabeth.Watts@duke-energy.com
Amy.Spiller@duke-energy.com

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing has been served upon the following parties via electronic mail, regular mail or hand delivery on this 16th day of July, 2013.


Elizabeth H. Watts

Michael DeWine
Ohio Attorney General
Devin P. Parram
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, Ohio 43215

Terry L. Etter
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street
Suite 1800
Columbus, Ohio 43215

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, Ohio 45839-1793

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/16/2013 12:11:31 PM

in

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

Summary: Comments REPLY COMMENTS OF DUKE ENERGY OHIO, INC. electronically filed by Ms. Elizabeth H Watts on behalf of Duke Energy Ohio, Inc.