

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In The Matter of the Application of Duke Energy Ohio, Inc., for an Adjustment to Rider AMRP Rates to Recover Costs Incurred in 2012. | ) | Case No. 13-2231-GA-RDR |
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| In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.   | ) | Case No. 13-2232-GA-ATA |
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**COMMENTS OF THE OMA ENERGY GROUP**

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**I. INTRODUCTION**

On November 27, 2013, Duke Energy Ohio, Inc. (Duke) filed a pre-filing notice with the Public Utilities Commission of Ohio (Commission) notifying the Commission and interested parties that it would subsequently be filing an application to adjust its Accelerated Main Replacement Program (Rider AMRP) rates to recover costs incurred in 2012. Pursuant to its notice, on February 27, 2014, Duke filed an application for an adjustment to Rider AMRP rates to recover costs incurred in 2012, and an accompanying application for tariff approval (Application). By entry dated March 7, 2014, the attorney examiner set a procedural schedule for the matter, which designated March 24, 2014 as the deadline for filing motions to intervene and submitting comments on the Application. On March 19, 2014, the Ohio Manufacturers' Association Energy Group (OMAEG) filed a motion to intervene in the matters. OMAEG now hereby submits its comments on the Application.

## II. COMMENTS

Duke's Application seeks to adjust the rates associated with Rider AMRP in order to recover certain costs incurred in 2012. The mechanism to adjust Rider AMRP was originally approved by the Commission on May 28, 2008, through its approval of the stipulation filed in Case No. 07-589-GA-AIR. By means of a subsequent Opinion and Order issued on April 24, 2013, in Case No. 12-3028-GA-RDR, the Commission approved a stipulation establishing Duke's current Rider AMRP rates, and thereby permitting Duke to recover costs incurred during 2012. Additionally, in approving the stipulation filed in Case No. 12-1685-GA-AIR et al. (Gas Distribution Case), in its November 13, 2013 Opinion and Order, the Commission approved a \$1.00 annual cap (on a cumulative basis) on the incremental increase to Rider AMRP for residential customers.<sup>1</sup> The Opinion and Order further approved that the applicable cap for recovery for Rider AMRP from residential customers beginning in 2014, 2015, and 2016 will be \$2.00, \$3.00, and \$4.00, respectively.<sup>2</sup>

Duke's Application indicates that the rate changes proposed therein would increase gross revenues by \$9.9 million, or 2.6 percent, annually over the estimated test period gross revenues generated from providing service to customers. The Application also details that the current Rider AMRP charge for Rates RS, RSLI, RFT, and RFTLI, which include residential and residential firm transportation service, is \$1.00 per month. Pursuant to the terms of the Stipulation in the Gas Distribution Case, the proposed Rider AMRP charge associated with service under those rates increases to \$2.00 per month. In stark contrast, the current Rider AMRP charge for Rates GS-S, GSL, DGS, FT-S, and FT-L, which include non-residential general service, distributed generation service, and firm transportation service, is \$10.33 per

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<sup>1</sup> See *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in its Natural Gas Distribution Rates*, Case No. 12-1685-GA-AIR, et al., Opinion and Order at 13, 22 (November 13, 2013).

<sup>2</sup> *Id.*

month. The proposed Rider AMRP charge associated with service under those rates increases to \$20.92 per month, which represents an increase of more than 100 percent for the applicable non-residential rate classes.

The disparity between the increase in the proposed rates for residential and non-residential customers appears significantly pronounced upon inspection of PFN Exhibit 4, which is a typical bill comparison prepared for purposes of this AMRP filing. PFN Exhibit 4 shows the effects of the increase in the proposed rates on customers' bills, including their total current bills and their total proposed bills, assuming that the additional Rider AMRP charges requested in the Application are granted by the Commission. PFN Exhibit 4 also includes a representative percent increase in customers' total bills, assuming that the additional Rider AMRP charges requested in the Application are granted by the Commission. Whereas the greatest overall increase faced by customers due to the proposed Rider AMRP charge in the residential rate categories is 5.7 percent (Rate RFT at 1 mcf usage), the greatest overall increase faced by customers due to the proposed Rider AMRP charge in the non-residential rate categories is 18.1 percent (Rate FT-S at 10 mcf usage). The percentage difference demonstrated by this comparison shows that the greatest percentage increase for non-residential rate classes is three times as significant as the greatest percentage increase for residential rate classes. Although this comparison is significant in terms of percentage increase, it also represents an important difference in dollars.

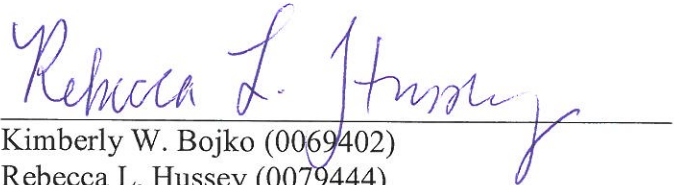
OMAEG is cognizant of the fact that caps on increases for Rider AMRP charges for residential customers were negotiated and approved in the course of the Gas Distribution Case. The negotiation of caps on increases in Rider AMRP charges for residential ratepayers in that case, however, does not authorize or support the imposition of such significant percentage

increases in Rider AMRP costs, in some cases, on a three to one ratio, upon non-residential ratepayers in this case. The attempt by Duke to shift significant Rider AMRP costs onto non-residential customers because of a negotiated inability to assess residential customers an amount necessary to cover accelerated main replacement costs is unjust and unreasonable. Moreover, the degree of disparity between the proposed increases on residential and nonresidential ratepayers is unjust and unreasonable.

### III. CONCLUSION

The manner in which Duke has allocated the costs of its proposed Rider AMRP increase is unsupported and unreasonable. Further, the degree of disparity in total bill increases when comparing the total proposed bills of residential and nonresidential customers, as proposed in the Application, is unjust and unreasonable. Accordingly, OMAEG requests that the Commission deny Duke's Application and its accompanying application for tariff approval.

Respectfully submitted,

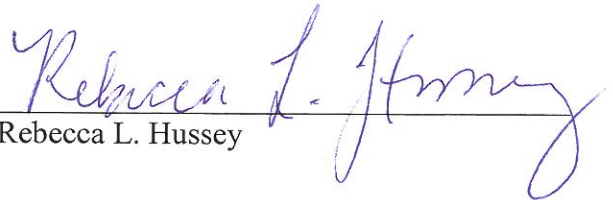


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## CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served upon the following parties via electronic mail on March 24, 2014.

  
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1325-001.384940v1

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**3/24/2014 4:26:09 PM**

**in**

**Case No(s). 13-2231-GA-RDR, 13-2232-GA-ATA**

Summary: Comments COMMENTS OF THE OMA ENERGY GROUP electronically filed by Ms. Cheryl A Smith on behalf of The Ohio Manufacturers' Association