

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

Direct Energy Business, LLC,	)	
	)	
Complainant,	)	Case No. 14-1277-EL-CSS
	)	
v.	)	
	)	
Duke Energy Ohio	)	
	)	
Respondent.	)	

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**DUKE ENERGY OHIO'S MOTION FOR PROTECTIVE ORDER**

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Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) hereby moves this honorable Public Utilities Commission of Ohio (Commission) for a protective order, pursuant to O.A.C. Rule 4901-1-24(D), covering certain confidential information that is included in the Direct Testimony of Timothy Abbott filed in this case.

Duke Energy Ohio sets forth, in the attached Memorandum in Support, its reasons why confidential treatment of this information is necessary. In compliance with the governing rule, Duke Energy Ohio is filing, under seal, three unredacted copies of the confidential information.

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Respectfully submitted,

DUKE ENERGY OHIO, INC.

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

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## MEMORANDUM IN SUPPORT

Duke Energy Ohio is an Ohio corporation with its principal office in Cincinnati, Ohio. Duke Energy Ohio is engaged in the business of supplying electric power to the public in the state of Ohio. Accordingly, Duke Energy Ohio is a public utility within the meaning of R. C. 4905.02 and 4905.03. As such, Duke Energy Ohio is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the state of Ohio.

Duke Energy Ohio has been named as the respondent in this complaint proceeding, a proceeding initiated by Direct Energy Business, LLC (Direct Energy). Through the complaint, Direct Energy is alleging certain improper conduct on the part of Duke Energy Ohio in respect of one customer in the Duke Energy Ohio service territory. Relevant to these allegations, as asserted by Direct Energy, is proprietary customer information<sup>1</sup> and the internal processes used by Duke Energy Ohio.

Pursuant to agreement by the parties, Duke Energy Ohio is filing, contemporaneous herewith, the Direct Testimony of Timothy Abbott (Abbott Direct Testimony). The Abbott Direct Testimony contains certain information, the public disclosure of which could interfere with Duke Energy Ohio's business interests and its obligation, under Commission regulation,<sup>2</sup> to protect customer proprietary information. Indeed, the information for which protection is sought contains confidential and business proprietary information related to the infrastructure at one customer's facility, which is representative of a type of customer-specific information guarded by the Company, and the manner in which internal processes associated therewith were administered.

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<sup>1</sup> See, e.g., Direct Energy Complaint, at Para. 8 and 10.

<sup>2</sup> O.A.C. 4901:1-37-04(D)(1).

O.A.C. 4901-1-24(D) provides that the Commission or its attorney examiners may issue a protective order to assure the confidentiality of information contained in filed documents, to the extent that state or federal law prohibits the release of the information, and where non-disclosure of the information is not inconsistent with the purposes of Title 49 of the Revised Code.

The Commission, therefore, generally refers to the requirements of R.C. 1333.61 for a determination of whether specific information should be released or treated confidentially. Subsection (D) of that section defines “trade secret” as follows:

“Trade secret” means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, **or any business information or plans, financial information**, or listing of names, addresses, or telephone numbers, that satisfies both of the following:

(1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.<sup>3</sup>

Thus, business information or plans and financial information are trade secrets if they derive independent economic value from not being generally known to or ascertainable by others who can obtain their own value from use of the information and they are the subject of reasonable efforts to maintain their secrecy.

The Abbott Direct Testimony includes information concerning the infrastructure at the facility of one customer and the internal processes implemented to accommodate same. The customer-specific information is proprietary and it is Duke Energy Ohio’s position that

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<sup>3</sup> R.C. 1333.61(emphasis added).

such information cannot, under applicable law and regulation, be made public without permission from the customer. Further, the related Company-specific information concerns confidential business information and plans. Public disclosure of this information would run afoul of Commission regulation and jeopardize the ability of individual customers to maintain the confidential nature of the proprietary information related to services they receive, including the manner in which those services may be administered by a public utility.

O.A.C. 4901-1-24(D) allows Duke Energy Ohio to seek leave of the Commission to file information Duke Energy Ohio considers to be proprietary trade secret information, or otherwise confidential, in a redacted and non-redacted form, under seal.<sup>4</sup> Duke Energy Ohio is filing the testimony, related attachments, and work papers in unredacted form, under seal, together with this Motion.

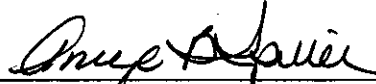
WHEREFORE, Duke Energy Ohio respectfully requests that the Commission, pursuant to O.A.C. 4901-1-24(D), grant its Motion for Protective Order by making a determination that the redacted information is confidential, proprietary, and a trade secret under R.C. 4901.16 and 1333.61.

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<sup>4</sup> O.A.C. 4901-1-24(D).

Respectfully submitted,

DUKE ENERGY OHIO, INC.



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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Motion for Protective Order was served on the following parties this 14 day of April, 2015 by regular U. S. Mail, overnight delivery or electronic delivery.

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\_\_\_\_\_  
Amy B. Spiller

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>Direct Energy Business, LLC,</b>	)	
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<b>Duke Energy Ohio</b>	)	
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<b>Respondent.</b>	)	

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**PUBLIC VERSION**

**DIRECT TESTIMONY OF**

**TIMOTHY ABBOTT**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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April 14, 2015



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Attachment:

TA-1:        Sample PJM invoice

## **I. INTRODUCTION AND PURPOSE**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Tim Abbott and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am employed by Duke Energy Business Services LLC (DEBS) as Director, System Operations Services. DEBS provides various administrative and other services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

**Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.**

A. I have a Bachelor of Science Degree from Miami University. I have been with Duke Energy or its predecessor Ohio-based companies since August 1990. I began my career as a power plant water chemistry technician and I have progressed through a variety of positions since then, including in the areas of Control Area Accounting, Transmission Billing, and Real Time Operations. During this progression, I have contributed to, and managed, several transitional efforts, including the transition of our Ohio-based jurisdiction to a "customer choice" region, Midcontinent Independent System Operator (MISO) Day 1 (adoption by MISO of a single transmission tariff), MISO Day 2 (adoption by MISO of an energy market based on locational marginal pricing), MISO Day 3 (adoption by MISO of modifications of its market structure to add ancillary services to its market), and the transition of Duke Energy Ohio and Duke Energy Kentucky, Inc., (Duke Energy Kentucky) from MISO to the PJM Interconnection, L.L.C. (PJM).

1 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS DIRECTOR, SYSTEM**  
2 **OPERATIONS SERVICES.**

3 A. As Director, System Operations Services, I am responsible for: (1) Systems Operations-  
4 related North American Electric Reliability Corporation compliance and event analysis  
5 activities; (2) supporting Duke Energy's participation in MISO and PJM as a transmission  
6 owner and operator; (3) administration of Duke Energy's Open Access Transmission Tariff  
7 (OATT); and (4) Duke Energy's transmission accounting function. These responsibilities  
8 are associated with Duke Energy's operations in Indiana, Ohio, Kentucky, Florida, and the  
9 Carolinas.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**  
11 **COMMISSION OF OHIO (COMMISSION)?**

12 A. No, I have not.

13 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

14 A. The purpose of my direct testimony is to address certain of the allegations set forth in the  
15 complaint filed by Direct Energy Business, LLC, (Direct Energy) by providing relevant  
16 factual information. In this regard, I discuss in my direct testimony the unique metering  
17 configuration for an end-use retail customer, SunCoke Energy, Inc., referenced in the  
18 complaint, and the related billing for this customer. I also generally describe the market  
19 settlements performed by PJM and the activities assumed by Duke Energy Ohio after Direct  
20 Energy advised as to the load data incorporated into its PJM invoices.

## **II. SUNCOKE COGENERATION FACILITY**

21 **Q. THE COMPLAINT MAKES REFERENCE TO SUNCOKE'S MIDDLETOWN,**  
22 **OHIO FACILITY. ARE YOU FAMILIAR WITH THIS FACILITY?**

1 A. Yes. The facility includes both a coke plant and a cogeneration facility that uses waste heat  
2 from that coke plant to generate up to approximately 57 megawatts (MWs) of electricity.  
3 Among other buildings and infrastructure, the cogeneration facility includes a steam turbine  
4 building and a 69 kilovolt (kV) substation. Both the cogenerating facility and the coke plant  
5 receive and transmit power to and from two 69 kV lines that are owned and operated by  
6 Duke Energy Ohio. The interconnection, when initially proposed, would have been through  
7 MISO and subject to the MISO OATT. The coke plant and cogeneration facility were  
8 operational in approximately 2011.

9 **Q. PLEASE DESCRIBE THE METER CONFIGURATION WITH REGARD TO THE**  
10 **SUNCOKE FACILITY.**

11 A. The meter configuration used to service the SunCoke facility is [REDACTED]

12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 **Q. HAS SUNCOKE BEEN CORRECTLY BILLED FOR ITS USAGE?**

9 A. It is my understanding that, while SunCoke was a standard service offer customer of  
10 Duke Energy Ohio, it was correctly billed for its usage. [REDACTED]

11 [REDACTED]

12 SunCoke has been a shopping customer since January 2013 and is dual billed. After  
13 SunCoke became a shopping customer, the non-bypassable charges issued by Duke  
14 Energy Ohio continued to be billed correctly [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED] Thus, I

18 believe SunCoke has been accurately billed, as both a standard service offer customer and  
19 a shopping customer.

20 **Q. WAS SUNCOKE AWARE OF THE [REDACTED] OF THE METERING**  
21 **SYSTEM USED IN CONNECTION WITH ITS FACILITY?**

22 A. Based upon the discussions that occurred while this project was initially being discussed,  
23 I believe so.

### **III. PJM MARKET SETTLEMENTS**

1 **Q. ARE YOU FAMILIAR WITH HOW COMPETITIVE SUPPLIERS IN THE DUKE**  
2 **ENERGY OHIO SERVICE TERRITORY ARE BILLED BY PJM?**

3 A. Yes. PJM is the regional transmission organization (RTO) of which Duke Energy Ohio  
4 is now a member. PJM's operations are governed by its OATT and other agreements,  
5 such as the Operating Agreement (OA) and Reliability Assurance Agreement (RAA), all  
6 of which are approved by the Federal Energy Regulatory Commission (FERC).

7 Among other things, the OATT delineates the rates, terms, and conditions that  
8 allow transmission customers such as Direct Energy to use transmission facilities, such as  
9 those owned by Duke Energy Ohio and operated by PJM, to deliver power to customers.  
10 PJM bills its transmission customers and load serving entities (LSEs), such as Direct  
11 Energy, consistent with the provisions of its OATT and OA. The services for which such  
12 charges may be assessed are reflected in the sample PJM invoice attached hereto as  
13 Attachment TA-1. All entities participating in PJM are subject to its OATT, OA, and  
14 RAA. Consequently all LSEs are billed by PJM for services rendered by PJM.

15 PJM Settlement, Inc. (PJM Settlement), a subsidiary of PJM, is responsible for  
16 administering the accounting of all aspects of the wholesale market and the grid. In  
17 connection with this obligation, PJM Settlement invoices each market participant, on a  
18 monthly basis, for all grid services provided under the OATT, OA, and RAA. As a  
19 general proposition, these charges are based on the load served by each LSE in a PJM  
20 load zone.

21 **Q. ON WHAT INFORMATION DOES PJM RELY FOR PURPOSE OF ITS**  
22 **MARKET SETTLEMENTS?**

1 A. PJM uses hourly metered load to settle real-time energy and certain ancillary services in  
2 the markets settlements process. Charges for transmission service and capacity are based  
3 upon constants derived from load metered during certain hours of the prior year for each  
4 retail customer. The constant used for transmission service is the Net Service Peak Load  
5 (NSPL) and that for capacity is the Peak Load Contribution (PLC).

6 **Q. WITH REGARD TO THE DUKE ENERGY OHIO LOAD ZONE, FROM WHAT**  
7 **SOURCE DOES PJM OBTAIN THE LOAD DATA USED IN ITS SETTLEMENT**  
8 **PROCESS?**

9 A. The settlement process established by PJM incorporates both estimated information and  
10 actual meter data. I will discuss this process from the perspective of Duke Energy's  
11 Energy Accounting Group, which submits information to PJM.

12 On a daily basis, the Energy Accounting Group submits data to PJM that reflects  
13 an estimate of supplier usage [REDACTED]

14 [REDACTED]  
15 The Energy Accounting Group completes this process, on a daily basis, to determine the  
16 estimate for each individual account in its system and thereafter calculates an aggregate,  
17 estimated total for each supplier in the Duke Energy Ohio service territory. These  
18 preliminary estimates are submitted electronically to PJM and posted on its Dashboard  
19 through the PJM InSchedule tool. PJM uses this estimated information for purposes of  
20 invoicing LSEs on a weekly basis. This process is referred to as Settlement A.

21 PJM also has a Settlement B process pursuant to which final data is used and  
22 reconciliations can be made. For suppliers in the Duke Energy Ohio service territory, this  
23 final data is comprised of actual meter usage for the period sixty days prior. By way of



1 example, at the end of May, actual meter usage data for the month of March is run  
2 through [REDACTED], to determine usage  
3 for each hour of the month. This information is provided to PJM by the Energy  
4 Accounting Group and, as I understand, PJM uses the data to adjust prior invoices issued  
5 under Settlement A. Thus, using the months mentioned in my example, at the end of  
6 May, PJM will reconcile amounts invoiced for March.

7 **Q. DOES A SUPPLIER SUCH AS DIRECT ENERGY CONFIRM THE LOAD**  
8 **AMOUNTS UNDER THE SETTLEMENT A PROCESS BEFORE THOSE**  
9 **AMOUNTS ARE INCORPORATED INTO PJM INVOICES?**

10 A. In connection with Duke Energy Ohio's realignment to PJM effective January 1, 2012,  
11 competitive retail electric service (CRES) providers such as Direct Energy needed to  
12 enter into a contract with Duke Energy Ohio for purposes of retail load responsibility.  
13 Such a contract is used by PJM to calculate loads and load ratio shares, thereby carving  
14 out LSE loads from the Duke Energy Ohio zone.

15 Direct Energy set up its PJM subaccount for the Duke Energy Ohio load zone in  
16 late December 2011. At that time, Direct Energy confirmed its agreement to using a  
17 "buyer unilateral" confirmation for purposes of reporting load data to PJM. Under a  
18 buyer unilateral confirmation, the seller provides the buyer with rights to be its meter data  
19 management agent, foregoing the right to review the load data before it is submitted to  
20 PJM, and assumes the risks associated with doing so. For purposes of this confirmation or  
21 agreement, the seller is Direct Energy and the buyer is Duke Energy Ohio, the electric  
22 distribution company.

1 **Q. ALTHOUGH DIRECT ENERGY AGREED TO FOREGO THE RIGHT TO**  
2 **REVIEW LOAD DATA BEFORE IT IS SUBMITTED TO PJM, DID DIRECT**  
3 **ENERGY HAVE ACCESS TO THOSE SUBMISSIONS?**

4 A. Yes. Direct Energy has access to PJM's InSchedule tool and thus was able to see the  
5 daily aggregate postings made by Duke Energy Ohio.

6 **Q. IS DUKE ENERGY'S ENERGY ACCOUNTING GROUP THE SAME GROUP**  
7 **THAT BILLS RETAIL, END-USE CUSTOMERS?**

8 A. No. The Energy Accounting Group interfaces with PJM and its systems are not the same  
9 systems used to generate bills for Duke Energy Ohio's retail customers. Rather, the  
10 customer management system is the information system relied upon to generate retail  
11 customer bills.

12 **Q. ARE THE INVOICE AMOUNTS COLLECTED BY PJM SETTLEMENT FROM**  
13 **EACH LSE IN THE DUKE ENERGY OHIO SERVICE TERRITORY**  
14 **REMITTED TO THE COMPANY?**

15 A. No. The charges associated with real-time energy relate to the services provided by PJM,  
16 as provided for under its FERC-approved tariffs and agreements.

17 **Q. WHAT ROLE, IF ANY, DOES DUKE ENERGY OHIO PLAY IN THE MARKET**  
18 **SETTLEMENTS ADMINISTERED BY PJM?**

19 A. Duke Energy Ohio serves as an agent, submitting underlying meter data for PJM billings  
20 on behalf of suppliers. As provided for in its retail Certified Supplier Tariff, approved by  
21 the Commission, Duke Energy Ohio functions as a Meter Data Management Agent for  
22 CRES providers and will provide hourly load data to PJM. As contemplated in the  
23 OATT, such data may be based upon estimates.

1 Because the meter data is ultimately used to determine the quantity of energy  
2 actually consumed by end-use customers receiving generation supplied by a CRES, Duke  
3 Energy Ohio's Certified Supplier Tariff also addresses the time period necessary to  
4 obtain data related to energy consumed and when such data will be collected. As the  
5 Certified Supplier Tariff provides, in part:

6 Meter data collected by the Company shall be used to calculate the  
7 quantity of energy actually consumed by a Certified Supplier's End-use  
8 Customers for a particular period. Such collection shall occur at the time  
9 of an End-use Customer's monthly meter read. Thus, in order to measure  
10 the energy consumed by all End-use Customers on a particular day, at  
11 least one month is required for data collection. Typically, the Company is  
12 able to calculate and provide hourly usage data for a Certified Supplier's  
13 load, for a calendar month, forty-five to sixty days after the end of the  
14 calendar month.

15 This tariff, therefore, is generally consistent with PJM's reconciliation process, described  
16 above. Significantly, however, the Certified Supplier Tariff also unambiguously provides  
17 that each CRES provider is responsible for understanding the process.

18 **Q. IN THE "OVERVIEW" SECTION OF THE COMPLAINT, DIRECT ENERGY**  
19 **REFERENCES TWO RESETTLEMENT PROCESSES. ARE YOU FAMILIAR**  
20 **WITH THESE?**

21 A. Direct Energy first identifies a resettlement that must occur within sixty days. This is the  
22 Settlement B reconciliation process that I discussed previously in my testimony and  
23 concerns adjustments for individual LSEs. After the expiration of the sixty-day process,  
24 there is no obligatory or mandatory process to account for any reconciliation. However,  
25 in its Complaint, Direct Energy also refers to PJM "impos[ing] a procedural requirement  
26 that all [LSEs] agree to resettle."<sup>1</sup> This reference must relate to the resettlement C  
27 process, as it is known.

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<sup>1</sup> Direct Energy Complaint, Overview, at pg. 1 (emphasis added).

1 **Q. PLEASE BRIEFLY DESCRIBE THE RESETTLEMENT C PROCESS.**

2 A. PJM Settlement does not have formalized protocol for reconciliations, other than  
3 Resettlement B. It does, however, recognize a Resettlement C process pursuant to which  
4 affirmative consent must be obtained from all impacted counterparties or suppliers before  
5 PJM Settlement will process the reconciliation.

6 **Q. IS RESETTLEMENT C MANDATORY, SUCH THAT SUPPLIERS ARE**  
7 **REQUIRED TO AFFIRMATIVELY PROVIDE CONSENT?**

8 A. No. None of PJM's tariffs or agreements approved by the FERC or any of its RTO  
9 Manuals makes provision for a mandatory Resettlement C process. Indeed, these tariffs  
10 and agreements do not discuss the Resettlement C process. Further, an electric  
11 distribution company, such as Duke Energy Ohio, is not required under any PJM tariff or  
12 agreement to initiate the Resettlement C process on behalf of any supplier in its service  
13 territory. Additionally, the Company's Certified Supplier Tariff also provides that Duke  
14 Energy Ohio shall be held harmless for any actions taken while performing Meter Data  
15 Management Agent responsibilities.

#### **IV. DIRECT ENERGY COMPLAINT**

16 **Q. ARE YOU FAMILIAR WITH THE ALLEGATIONS ASSERTED BY DIRECT**  
17 **ENERGY IN ITS COMPLAINT?**

18 A. Yes.

19 **Q. PLEASE BRIEFLY DESCRIBE THE INITIAL INTERACTIONS BETWEEN**  
20 **DUKE ENERGY OHIO AND DIRECT ENERGY, OCCURING AFTER**  
21 **SUNCOKE BECAME A SHOPPING CUSTOMER IN JANUARY 2013.**

22 A. When it became a shopping customer, SunCoke also became a dual-billed customer. In

1 this regard, Direct Energy was responsible for billing SunCoke for competitive  
2 generation supply while Duke Energy Ohio continued billing for non-generation-related  
3 services. Direct Energy would also assume LSE-related charges, assessed by PJM, for the  
4 SunCoke load.

5 Direct Energy would have received the first PJM invoice including the SunCoke load  
6 during the week of January 7, 2013, and all subsequent weekly PJM invoices issued  
7 thereafter would have also included the SunCoke load data. As I understand, Direct  
8 Energy contacted Duke Energy's Energy Accounting Group and inquired into the load  
9 information reflected in the first PJM invoice sometime in February 2013.

10 **Q. WHAT DID DUKE ENERGY OHIO DO IN RESPONSE TO THIS INITIAL**  
11 **INQUIRY FROM DIRECT ENERGY?**

12 A. Because this account was [REDACTED], as I described, it was necessary to evaluate Direct  
13 Energy's statement that the usage reported by Duke Energy to PJM for the SunCoke  
14 account was in excess of SunCoke's historical usage. This evaluation was multi-faceted  
15 and first required identifying the various business groups that would need to be involved  
16 in the evaluation. Once these business groups were known, the next focus became  
17 discovering the source of the usage information referenced by Direct Energy. This focus  
18 required examining the separate data management systems used for transmitting data to  
19 PJM, suppliers, and customers. Through this process and the examination of internal  
20 systems, it was confirmed that [REDACTED] were recording accurate information and,  
21 as such, the source of the PJM invoices was not faulty, underlying meter data. Rather, it  
22 was determined that this [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3       Thereafter, the focus was directed to solutions and the appropriate procedures for  
4 realizing the necessary adjustments. This work stream was reviewed, at times, in  
5 consultation with Direct Energy. Because of system limitations and the [REDACTED]  
6 [REDACTED] at SunCoke, it was determined that a complete program rewrite would be  
7 necessary to enable automated adjustments. These information technology (IT) changes  
8 were made by Duke Energy Ohio and it has assumed the full cost for same. As an interim  
9 remedy and recognizing the time associated with such an IT change, the Company relied  
10 upon a manual solution that allowed for the PJM invoices for March 2013 through July  
11 2013 to be reconciled under PJM's reconciliation process, or Resettlement B. For  
12 invoices that post-date July 2013, Duke Energy Ohio has been submitting to PJM load  
13 data for SunCoke that was [REDACTED]  
14 [REDACTED]

15 **Q. NOTWITHSTANDING THE LACK OF A PJM-BASED REQUIREMENT AND**  
16 **THE TERMS IN THE CERTIFIED SUPPLIER TARIFF APPROVED BY THE**  
17 **COMMISSION, DID DUKE ENERGY OHIO ATTEMPT TO ASSIST DIRECT**  
18 **ENERGY IN THE RESETTLEMENT C PROCESS?**

19 **A.** Yes. For the months of January and February 2013, Duke Energy Ohio represented to  
20 Direct Energy that it would contact impacted suppliers and solicit their participation in  
21 the Resettlement C process. And Duke Energy Ohio fulfilled this representation,  
22 contacting in excess of fifty impacted suppliers.

1 Q. WHAT WERE THE RESULTS OF THIS EFFORT UNDERTAKEN BY DUKE  
2 ENERGY OHIO?

3 A. Duke Energy Ohio received responses to its initial request, but not from all impacted  
4 suppliers. In fact, of the more than fifty suppliers contacted, only three consented to  
5 participating in the Resettlement C process. Because there is no mechanism to require  
6 any supplier to respond, Duke Energy Ohio was limited in its efforts but did undertake  
7 additional contact with suppliers for the purpose of receiving responses. When it was  
8 apparent that these efforts were no longer meaningful, Duke Energy Ohio informed  
9 Direct Energy of the results of its inquiries, specifically informing Direct Energy that not  
10 all impacted suppliers had responded, and seeking guidance from Direct Energy as to  
11 how it wanted to proceed. But Direct Energy did not respond to the inquiries and, as  
12 such, Duke Energy Ohio suspended its efforts.

13 Q. FOR THE MONTHS AT ISSUE IN THIS PROCEEDING, [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 Q. DOES DIRECT ENERGY RECEIVE LOAD INFORMATION IN THE  
22 INTERVENING WEEKS BETWEEN MONTHLY INVOICES?

23 A. Yes. PJM sends weekly bills based on the real time energy values submitted. The Real

1 Time Daily Energy Transactions can be viewed on the PJM MSRS system as soon as the  
2 data is submitted. Adjustments associated with reconciliation can also be viewed upon  
3 submission.

4 **Q. DIRECT ENERGY IS SEEKING TO RECOVER FROM DUKE ENERGY OHIO**  
5 **FOR THE AMOUNT IT CLAIMS TO HAVE BEEN OVERBILLED BY PJM. IS**  
6 **THE AMOUNT BILLED BY PJM REMITTED TO DUKE ENERGY OHIO?**

7 A. As I have previously explained, PJM invoices load serving entities, including CRES  
8 providers such as Direct Energy, for services provided by PJM. The amounts invoiced,  
9 therefore, are remitted to PJM.

#### V. CONCLUSION

10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes, it does.





PJM Settlement, Inc.  
955 Jefferson Avenue  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

**INVOICE NUMBER:** 2010073198765  
**CUSTOMER ACCOUNT:** John Doe Energy  
**CUSTOMER IDENTIFIERS:** JDE (98765)  
**FINAL BILLING STATEMENT ISSUED:** 08/06/2010 10:26:21  
**BILLING PERIOD:** 07/01/2010 to 07/31/2010

**Monthly Billing Total:** 14,586,171.11  
**Previous Weekly Billing Total:** 9,556,121.33

Monthly Billing Statement Summary

Total

Total Net Charge. Please Pay This Amount.

4,161,649.29

**TERMS:** PAYABLE IN FULL BY 12:00 PM EPT ON 08/13/2010  
**WIRE TRANSFER FUNDS TO:** PJM SETTLEMENT, INC.  
PNC BANK N.A.  
Pittsburgh, PA  
ABA NUMBER 123456789  
  
ACCOUNT NUMBER - 456789654

**FOR INQUIRIES CONTACT:**

**PJM MEMBER RELATIONS (Banking / Payment):** custsvc@pjm.com (866) 400-8980

**PJM MARKET SETTLEMENTS (Billing Line Items):** mrkt\_settlement\_ops@pjm.com (866)400-8980

**ADDITIONAL BILLING STATEMENT INFORMATION:**



PJM Settlement, Inc.  
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CHARGES	ADJ	BILLING LINE ITEM NAME	SOURCE BILLING PERIOD START	AMOUNT
1100		Network Integration Transmission Service		15,016,644.01
1108		Transmission Enhancement		43,314.35
1120		Other Supporting Facilities		10,434
1130		Firm Point-to-Point Transmission Service		11.45
1140		Non-Firm Point-to-Point Transmission Service		914,444.13
1200		Day-Ahead Spot Market Energy		(476,054.75)
1205		Balancing Spot Market Energy		(734,735.44)
1210		Day-Ahead Transmission Congestion		35,094.43
1215		Balancing Transmission Congestion		(838,404.58)
1218		Planning Period Congestion Uplift		16,101,200.01
1220		Day-Ahead Transmission Losses		44,946.65
1225		Balancing Transmission Losses		(3,847.17)
1230		Inadvertent Interchange		(47.34)
1250		Meter Error Correction		48,711.91
1260		Emergency Energy		(38,890.94)
1301		PJM Scheduling, System Control and Dispatch Service - Control Area Administration		391.63
1302		PJM Scheduling, System Control and Dispatch Service - FTR Administration		10,786.81
1303		PJM Scheduling, System Control and Dispatch Service - Market Support		704.44
1304		PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration		4,444.47
1305		PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.		4,543.74

PJM Monthly Billing Statement Example

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1306	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center	(7,135.79)
1307	PJM Scheduling, System Control and Dispatch Service - Market Support Offset	(8,243.82)
1308	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration	(46.75)
1309	PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration	(1,700.49)
1310	PJM Scheduling, System Control and Dispatch Service Refund - Market Support	(145.19)
1311	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration	(301.50)
1312	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.	1,349.35
1313	PJM Settlement, Inc.	3,143.74
1314	Market Monitoring Unit (MMU) Funding	16,804.78
1315	FERC Annual Recovery	148.11
1316	Organization of PJM States, Inc. (OPSI) Funding	4,181.13
1317	North American Electric Reliability Corporation(NERC)	3,985.46
1318	Reliability First Corporation (RFC)	59,859.94
1320	Transmission Owner Scheduling, System Control and Dispatch Service	46,888.44



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CHARGES	ADJ	BILLING LINE ITEM NAME	SOURCE BILLING PERIOD START	AMOUNT
1330		Reactive Supply and Voltage Control from Generation and Other Sources Service		69,563.55
1340		Regulation and Frequency Response Service		3,355.09
1360		Synchronized Reserve		37,390.55
1365		Day-Ahead Scheduling Reserve		(35,566.58)
1370		Day-Ahead Operating Reserve		1.83
1375		Balancing Operating Reserve		591.61
1376		Balancing Operating Reserve for Load Response		8,483.57
1377		Synchronous Condensing		3,454.00
1380		Black Start Service		175,165.38
1400		Load Reconciliation for Spot Market Energy		(13,410.55)
1410		Load Reconciliation for Transmission Congestion		(64.84)
1420		Load Reconciliation for Transmission Losses		445.57
1430		Load Reconciliation for Inadvertent Interchange		(66.19)
1440		Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		14.08
1441		Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		10.08
1442		Load Reconciliation for Schedule 9-6 - Advanced Second Control Center		145.94
1444		Load Reconciliation for Market Monitoring Unit (MMU) Funding		16.35
1445		Load Reconciliation for FERC Annual Recovery		49.87
1446		Load Reconciliation for Organization of PJM States, inc (OPSI) Funding		448.60

TABLE 1: MONTHLY BILLING STATEMENT EXAMPLE

Page 5 of 12

1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)	1,373.35
1448	Load Reconciliation for Reliability First Corporation (RFC)	1.57
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service	10.15
1460	Load Reconciliation for Regulation and Frequency Response Service	(5.75)
1470	Load Reconciliation for Synchronized Reserve	10.86
1475	Load Reconciliation for Day-Ahead Scheduling	(116.56)
1478	Load Reconciliation for Balancing Operating Reserve	465.48
1480	Load Reconciliation for Synchronous Condensing	8,566.47
1500	Financial Transmission Rights Auction	10,897.00
1600	RPM Auction	43,540.00
1610	Locational Reliability	9,345.50
1650	Auction Specific MW Capacity Transaction	14,345.00
1660	Demand Resource ILR Compliance Penalty	14,856.00
1662	Generation Resource Rating Test Failure	65,434.00
1663	Transmission Upgrade Compliance Penalty	5,550.00
1664	Peak Season Maintenance Compliance Penalty	46.30

PJM Monthly Billing Statement Example

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CHARGES	ADJ	BILLING LINE ITEM NAME	SOURCE BILLING PERIOD START	AMOUNT
1665		Peak-Hour Period Availability		1.48
1930		Generation Deactivation		150.00
1720	A	RTO Start-up Cost Recovery	02/01/2010	450.00
1730	A	Expansion Cost Recovery	02/01/2010	2.58
1980	A	Miscellaneous Bilateral	02/01/2010	300.00
<b>Total Charges</b>				<b>30,710,211.27</b>

1.014 Monthly Billing Statement Example

1.050 11.01.12



PJM Settlement, Inc.  
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**CUSTOMER IDENTIFIERS:** JDE (98765)  
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**BILLING PERIOD:** 07/01/2010 to 07/31/2010

CREDITS	ADJ	BILLING LINE ITEM NAME	SOURCE BILLING PERIOD START	AMOUNT
2100		Network Integration Transmission Service		8,526.35
2108		Transmission Enhancement		(2,661.31)
2140		Non-Firm Point to Point Transmission Service		196,622.67
2210		Transmission Congestion		3,240.12
2218		Planning Period Congestion Uplift		15,232,799.52
2220		Transmission Losses		12,252.31
2241		Real-Time Economic Load Response		5,657.00
2260		Emergency Energy		18,271.58
2320		Transmission Owner Scheduling, System Control and Dispatch Service		18,1720.00
2330		Reactive Supply and Voltage Control from Generation and Other Sources Service		420.20
2360		Synchronized Reserve		12.32
2365		Day-Ahead Scheduling Reserve		1,880.00
2375		Balancing Operating Reserve		1,987.00
2377		Synchronous Condensing		3,120.65
2378		Reactive Services		2,045.08
2380		Black Start Service		102,689.30
2420		Load Reconciliation for Transmission Losses		237,243.00
2500		Financial Transmission Rights Auction		117.87
2510		Auction Revenue Rights		1,635.31
2600		RPM Auction		85.20

2620		Interruptible Load for Reliability		59,722.05
2630		Capacity Transfer Rights		2,010.06
2640		Incremental Capacity Transfer Rights		2,012.12
2650		Auction Specific MW Capacity Transaction		1,610.23
2660		Demand Resource and ILR Compliance Penalty		91.67
2661		Capacity Resource Deficiency		6,968.00
2662		Generation Resource Rating Test Failure		323.25
2663		Qualifying Transmission Upgrade Compliance Penalty		7,542.30
2664		Peak Season Maintenance Compliance Penalty		25.30
2665		Peak-Hour Period Availability		200.51
2666		Load Management Test Failure		3,002.12
2730		Expansion Cost Recovery		6,666.50
2910		Ramapo Phase Angle Regulators	02/01/2010	100.13
2140	A	Non-Firm Point-to-Point Transmission Service	02/01/2010	23,651.21
2210	A	Transmission Congestion	02/01/2010	525.15
2340	A	Regulation and Frequency Response Service	02/01/2010	15.18
2370	A	Day-Ahead Scheduling Reserve		1910.21
Total Credits				16,124,040.16

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