

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy)
Ohio, Inc. to Adjust Rider AU for 2017 Grid) Case No. 18-0837-GA-RDR
Modernization Costs.)

**COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. INTRODUCTION

The Ohio Consumers' Counsel ("OCC") is concerned that customers could be required to overpay for grid modernization investments. On June 29, 2018, Duke Energy Ohio, Inc. ("Duke" or "Utility") filed an Application to adjust Rider AU for 2017 grid modernization costs associated with its gas operations and asks its customers to continue to pay for this grid modernization.¹ Rider AU collects the costs associated with Duke's automated gas meter reading system that were installed concurrent with Duke's electric advanced metering infrastructure ("AMI" or "smart meter") deployment.² The Utility seeks to collect from customers 2017 operation and maintenance and capital-related expenses associated with its 2017 investment in grid modernization and related systems associated with gas service. The current monthly rate for Rider AU for all classes is \$0.80 and the proposed rate is \$0.60.³

¹ Application June 29, 2018.

² In Case 10-2326-GE-RDR, Staff was to determine when the SmartGrid deployment was completed so as to trigger Duke to file an electric distribution rate case within 12 months. Staff filed a Notice of Staff Determination on October 22, 2015 stating that deployment was complete. The 2017 expenses in Rider AU are primarily depreciation, taxes, PISCC and incremental communication type expenses, and IT that are associated with the node system.

³ Lawler testimony at Att. SEL-1, page 21.

II. COMMENTS

Duke should be required to file a natural gas distribution rate case to eliminate the rider, place prudently incurred smart grid investment into base rates, and ensure operation savings are passed back to consumers.

OCC's comments, in this case, address the relevant issue that has yet to be resolved by the PUCO which is whether Duke's investment in its automated gas meter reading system (that customers are continuing to pay for under the Rider AU) was prudently incurred, and the benefits for consumers of reviewing these investments as part of a natural gas rate case.

Duke's smart grid deployment has now been completed for almost three years, so the time is right for the PUCO to end Rider AU. Duke should be required to file a natural gas distribution rate case within the next 12 months. The natural gas distribution rate case will enable Parties to scrutinize Duke's spending to determine whether the Utility has prudently incurred meter reading equipment investments to serve its customers. In addition, the base rate case provides an opportunity for actual operational savings that Duke has obtained through the smart grid deployment to be passed on to customers. Rider AU has permitted Duke to collect millions of dollars from consumers for investment⁴ that Duke is now replacing due to premature obsolescence.

OCC has concern that the charges that customers are being asked to pay through this rider are imprudent. Duke filed an Application on March 24, 2017 to adjust the Rider AU costs in Case No. 17-690-GA-RDR, which involved Duke's collection of 2016 Rider AU costs. In Duke's 2016 Rider AU proceeding, OCC raised concerns about customers

⁴ \$28 million represents the total of the revenue requirements from each Rider AU yearly application filing from the years 2010-2018.

being required to pay for Duke's gas grid modernization through Rider AU while Duke was seeking to replace the same communications equipment through a very expensive AMI transition plan (filed concurrent with its electric distribution rate case).⁵ OCC also raised its concerns about the premature failure of smart grid technology that Duke has deployed and the potential for customers to be paying multiple times for the same meter reading capabilities.

III. CONCLUSION

Because the smart grid deployment has now been completed for almost three years, Duke should be instructed to file a base rate case within one year of the Order in this case. The base rate case will allow Duke's investment to be reviewed for prudence, eliminate the need for continuing Rider AU, and will help ensure that actual operational savings from the smart grid program are being passed on to gas customers.

Respectfully submitted,

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⁵ Comments of the Office of the Ohio Consumers' Counsel, Case No. 17-0690-GA-RDR, July 21, 2017.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 26th day of October 2018.

/s/ Amy Botschner-O'Brien
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Summary: Comments Comments by The Office of the Ohio Consumers' Counsel
electronically filed by Ms. Jamie Williams on behalf of Botschner-O'Brien, Amy Ms.