

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission’s)
Review of Chapter 4901:1-10, Ohio) Case No. 12-2050-EL-ORD
Administrative Code, Regarding)
Electric Companies.)

COMMENTS OF DUKE ENERGY OHIO, INC.

I. Introduction

The Public Utilities Commission of Ohio (Commission) initiated this proceeding in July of 2012, to review rules contained in Chapter 4901:1-10, Ohio Administrative Code (O.A.C.). On July 10, 2013, the Commission issued an Entry that included some additional proposed changes to the rules in this Chapter that address metering generally and policy related to advanced metering infrastructures in particular. Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) submits the following comments for the Commission’s consideration. Duke Energy Ohio will primarily focus the comments herein on the Commission’s rule that proposes an opt-out for customers who wish to decline the deployment of advanced meters.

II. Discussion

Duke Energy Ohio is uniquely situated to provide comments with respect to the language proposed by the Commission in Rule 4901:1-10-05, (J), (Metering). This new rule proposes to give a customer the option to take electric service using what has been characterized as a “traditional meter” as opposed to an “advanced meter” Duke Energy Ohio began deploying

advanced meters, or smart meters, in 2009 with significant success. Indeed, the Company is nearing completion of its deployment of advanced meters across its entire service territory.

In considering costs and benefits of advanced meters, it is important to have an understanding of the technology we are specifically addressing. Duke Energy Ohio's residential advanced meters are digital meters owned by the Company and are installed at the customer's premises. The residential meter is capable of two-way communication with the Company's offices through power line carrier technology to its respective node, which is typically installed on a pole and serves a number of homes depending on density of housing. The node communicates with the Company's office through cellular technology. The Commission retained a third party to inspect the Company's residential meters, to ensure that they were safe and reliable, and the metering technology passed with very high marks.¹ Although some customers raise issues related to health concerns, their understanding of the technology is frequently nonexistent. To the extent such customers are willing to take time to learn the facts, their concerns are usually allayed. Thus, in deploying its grid modernization, the Company has, thus far, successfully avoided significant customer opposition.

III. Benefits of Advanced Meters

Advanced meters and the smart grid that results from their deployment enable significant customer savings. Duke Energy Ohio has agreed to return many millions of dollars of savings to customers as a result of its deployment and the operational savings it has enabled. Such savings, recognized as a discount from the cost to customers for their investment in the system, represent

¹ See *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Gas and Electric Recovery Rate for 2010 Smart Grid Costs*, Case No. 10-2326-GE-RDR, Duke Energy Ohio Smart Grid Audit and Assessment Report, June 30, 2011.

only one of many elements that represent real value to customers. Advanced meters in Duke Energy Ohio's service territory have enabled customers to now receive bills that are accurate and there is no longer any need to estimate usage and billing. This reduces customer dissatisfaction with potentially inaccurate billing and allows the customer to have greater awareness of that customer's specific usage attributes.

In Duke Energy Ohio's service territory, the Company previously entered the premises of approximately 65,000 customers, on a monthly basis, using a key to gain entrance. This was a significant intrusion into the customers' privacy and is no longer necessary after the installation of an advanced meter. Elimination of the "key room" and the need to routinely ingress onto customers' property will represent advancement into the 21st century that has been delayed for these customers for many years.

Advanced meters enable and facilitate advancements in reliability. In the past, when an outage occurred, there was no ability on the part of line crew to understand, with granularity, exactly how to locate such an outage. Now, it is possible to communicate with a meter and learn exactly which customer does and does not have power at their premises.

Likewise, advanced meters enable immediate service for customers seeking to have new service initiated. As soon as the application is received and processed, Duke Energy Ohio can initiate electric service remotely and immediately. Also, the Company is able to remotely disconnect electric service upon request. These enhancements to the service provided to customers are seamless and are not always obvious; however, each of these remote capabilities also allows the Company to avoid dispatching vehicles to neighborhoods. Hence, there is a

significant cost savings and ultimately benefit for customers- there is also a safety benefit in reducing the employee-miles driven.

Finally, advanced meters enable customers to use and understand usage of energy in far greater detail. This knowledge allows customers to become more engaged with their energy consumption and gives the customer a valuable tool with which to make decisions regarding participation in energy efficiency and peak demand response programs. Due to the Company's deployment of advanced meters, customers today have the ability to view their energy usage in 15 minute increments over the previous 24 hour period. The information allows the customer to make informed decisions and allows the customer to take more control of their energy bills by reducing or shifting energy usage through adoption of new rate structures or participation in energy efficiency and peak demand reduction.

IV. Data Privacy Concerns

Some customers have expressed concerns related to the privacy of the data that is gathered *via* an advanced meter. It is important to note that the data gathered is exactly the same as has always been read through a meter, except in smaller increments and with more precision. Customer usage information has always been gathered and retained by the Company. Customer usage now comes in fifteen minute increments rather than monthly increments. The Company maintains this usage information as it always has and is subject to and compliant with the Commission's regulatory oversight. This information would never be released to a third-party unless the customer specifically requests that it be released and the Commission approved such release.

The Commission retained a third-party auditor who examined the Company's advanced meter infrastructure for purposes of understanding and monitoring data privacy. That third-party auditor submitted its report indicating that the Company was managing data privacy efficiently.²

V. Proposed Rule 4901:1-10-01 (J)

In these proceedings, the Commission proposes a rule that will permit customers to exercise an option to take electric service through a "traditional" meter. This option, although simple enough to enact, will devalue the significant investment that Ohio customers have already made in a smart grid, including advanced meters, in southwest Ohio. The elimination of the requirement that every customer be served through an advanced meter, erodes the value of the overall system as originally proposed, and takes away the economic advantages that have developed as a result of the deployment. If one customer on a circuit must be served in the "old-fashioned" way, the benefits for the community as a whole will be diminished. Thus, for that one customer who opts out, the Company must roll a vehicle to read the meter. For that one customer, the Company must roll a vehicle to examine for possible outages. For that one customer, the Company must roll a vehicle to initiate or to discontinue service. The expense of rolling vehicles and expending labor hourly only occurs when the customer opts out.

For the community of customers that opt-out, there is a "black hole" of sorts on the system that must be addressed individually and in a highly inefficient manner. Thus, the benefits that are presently flowed through to customers via riders and base rates are significantly diminished and may vanish altogether depending on how many customers opt out. For these

² *Id.*

reasons, Duke Energy Ohio opposes the concept of allowing customers to opt-out of an advanced metering.

Inasmuch as the Company installs and maintains this meter, it has always been true that the meter on the customer's premise is owned by the Company. The customer should not be granted an option to take control over the Company's equipment and business operations by refusing to allow deployment important elements of the overall distribution system, including advanced meters. Furthermore, the technology used by Duke Energy Ohio does not present any plausible health or privacy concerns. For these reasons, Duke Energy Ohio opposes the creation of Rule (J) as proposed.

Should the Commission determine otherwise, and choose to allow customers to select out-dated analog meters, it will be important for the Commission to recognize and allocate appropriate costs for service to these customers, so that their individual preference does not unduly prejudice those customers that have already invested in the benefits of a smart grid. For customers that opt-out, the additional costs incurred in managing their service, billing, etc. must be fully borne by that class of customers. In the Company's experience to date, there are very few customers who wish to continue use of the old-fashioned meter once such customers learn about the benefits of the advanced meter and how it functions.

It may be worth noting, also, that manufacturers of the older analog meters are looking toward the future and are ceasing production of analog meters. It is difficult to predict when such meters will no longer be available, but that day is approaching. The Commission may wish to consider this possibility in its rulemaking.

VI. Additional Comments

With respect to the definition proposed for (A) Advanced Meter, Duke Energy Ohio recommends that the concept of two-way communication be added.

In Rule 4901:1-10-05, (D), we believe the correct version should read as follows:

“Meters that are not direct reading meters, such as meters with a multiplier not equal to 1.0...”

It would be helpful to understand the intention that is not set forth in the rule with regard to what happens when a customer moves in and out of new locations. For example, when a customer moves into a residence with an advanced meter, will the customer be charged for removing the existing advanced meter? Will this customer be charged for the cost of reinstalling the advanced meter when they leave the residence? Will there be any limit on the number of times a customer may request such service? If a customer removes an advanced meter and then sells the premises, should the customer be required to disclose this to the buyer, particularly, if the new buyer will be subject to fees incurred because of decisions made by the seller? Will the buyer be required to pay to obtain an advanced meter?

VII. Conclusion

When a governmental entity determines to build a new road, the entity does so, without expecting each potential resident on the new road, to decide whether such road is acceptable or not. It would be nonsensical to expect the road to start and stop as it proceeds along, depending on whether a particular resident approved of the construction. Allowing customers to opt out of participation in advanced metering presents the same dilemma. If the Commission determines to do so, the existing significant investment that has been made in southwest Ohio will be

diminished without just cause. For these reasons, Duke Energy Ohio recommends against such a policy.

Respectfully submitted,

/s/ Elizabeth H Watts

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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 6th day of August, 2013.

/s/ Elizabeth H Watts

Elizabeth H. Watts