**BEFORE THE**

**PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of Pilot Tariff Rates TD 2012 and PTR 3.0. | ))) | Case No. 12-609 -EL-ATA |

**DUKE ENERGY OHIO, INC.’S AMENDED APPLICATION**

**FOR APPROVAL OF PILOT TARIFF RATES TD 2012 AND PTR 3.0**

**AND REQUEST FOR EXPEDITED APPROVAL**

1. **Introduction**

Duke Energy Ohio, Inc., (Duke Energy Ohio) submitted its initial application in this proceeding on February 9, 2012, seeking approval of two new pilot tariff rates. Duke Energy Ohio is deploying smart utility meters across its service territory. In order to learn what rates can be accepted by customers for use in conserving energy, Duke Energy Ohio has actively engaged customers in a number of pilot rate programs. In doing so, the Company has learned a great deal and has shared all of that learning with the Duke Energy SmartGrid Collaborative. This most recent Application represents an additional two tariff offerings that must be piloted in order to refine the understandings and gain clarity around customer choices. These two pilots will replace three rate pilots offered by the Company in 2011, including Rate TD Lite, CPP Lite and PTR 2.0.

While the Company’s Application in this proceeding has been pending, additional information has developed and in order to supplement the original filing, Duke Energy Ohio submits this Amended Application to include additional information that may assist the Commission in determining whether or not to approve these pilot tariffs.

1. **Supplemental Information Pilot TD 2012**

Duke Energy Ohio is proposing two separate pilot rates in this filing. The first, pilot tariff TD 2012 is a time-of-use rate structure. This time-of-use structure will modify the three generation related riders that make up Duke Energy Ohio’s standard service offer for generation customers; Rider RC, Rider RE and Rider ESSC. These modifications are designed around three seasons; Summer, Winter and Off-Peak. Summer is defined as the period of time covering June 1st thru August 31st and features a five-hour peak period covering 2:00 PM to 7:00 PM for all non-holiday weekdays, Monday through Friday. Winter is defined as December 1st thru February 28th and features a six hour peak period covering 7:00 AM to 1:00 PM for all non-holiday weekdays Monday through Friday. Within this structure, the Company is proposing to offer three separate pricing options that have a varying degree of offset between the peak and off-peak price.

The pricing option under TD 2012 that the Company is refers to as TD 2012 Max is designed with the highest peak price, and is designed to be 450% of the base standard service offer price for generation (Rider RC, Rider RE, and Rider ESSC) and also features the lowest off-peak prices. The off-peak prices for this rate are less than 65% of the base standard service offer price for generation.

The pricing option under TD 2012 that the Company is calling TD 2012 Plus is designed with the a modest peak price, which is designed to be 350% of the base standard service offer price for generation (Rider RC, Rider RE, and Rider ESSC) and also features mid-level off-peak prices that are less than 75% of the base standard service offer price for generation.

The pricing option under TD 2012 that the Company is calling TD 2012 Base is designed with the lowest peak price, which is designed to be 250% of the base standard service offer price for generation (Rider RC, Rider RE, and Rider ESSC) and also features the highest off-peak prices that are less than 85% of the base standard service offer price for generation. The underlying assumptions for each of the three pricing structures are detailed in the three attachments to this filing.

The Company has designed pilot tariff TD 2012 in the manner described above in order to gain insight into how a customer’s individual risk tolerance impacts the desirability of a rate. By keeping the structure of the rate constant, yet allowing customers to choose a pricing mechanism that is most appealing, the Company and Collaborative will learn the value that customers place on the amount of potential savings can be achieved, versus the risk of higher bills due to consuming during peak periods. Additionally, this proposed pilot will be the first time that customers will have a choice in the rate under which they receive service, so that the Company may assess if the ability to choose enhances acquisition results. These learning will be critical as the Company moves closer to designing rates for full commercialization.

1. **Supplemental Information Pilot PTR 3.0**

The second pilot that the Company proposes herein is an additional iteration of a peak time rebate that it is called PTR 3.0. Duke Energy Ohio is proposing to add 500 customers to the pilot in 2012, as well as offering this pilot to customers who have participated under past time-differentiated rate offerings in 2011. The peak time rebate will be structured in the same manner as PTR 2.0, with a $0.28 per kWh credit for any reduction in usage during the five hour peak window from 2:00 PM to 7:00 PM on event days. The only difference in PTR 3.0 is that the Company is proposing that a maximum of fifteen events may be called, rather than the ten that were approved under PTR 2.0. The Company is hoping to learn from this pilot what impact the number of events has on customer acquisition, customer participation during events, and overall satisfaction with the program. Additionally, the Company is proposing to again employ a bifurcated acquisition strategy for the 500 new participants with 250 customers being acquired through an opt-out campaign and 250 customers acquired through an opt-in campaign in attempts to validate some of the findings regarding savings potential from customers acquired through the opt-out segment of the acquisition. The Company believes that having two years worth of statistically significant sample data around a peak time rebate program and the different acquisition strategies will help it determine the commercially viable approach to a peak time rebate program.

It is anticipated that this supplemental information, along with the Company’s original application in this proceeding will sufficiently inform the Public Utilities Commission of Ohio with respect to the proposed tariffs so that they may be approved in time for customer acquisition in the next few weeks. These pilot tariff programs were discussed at length, and in detail with Commission Staff, the Office of the Ohio Consumers’ Counsel and Ohio Partners for Affordable Energy in the Duke Energy SmartGrid Collaborative. Every effort was made to develop appropriate pilot tariffs such that the Company and the Collaborative could develop needed information while at the same time, maintaining a positive experience for Duke Energy Ohio’s customers.

1. **Conclusion**

For the reasons set forth above, and in the Company’s original application in this proceeding, and for the limited number of customers proposed, Duke Energy Ohio respectfully requests that the Commission accept and approve both Rate PTR 3.0 and Rate TD 2012. Upon approval of the Application, Duke Energy Ohio will file a sufficient number of copies of its tariff sheets, as directed by the Commission.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 27th day of March, 2012, to the following:

 

Elizabeth H. Watts

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