

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)
Investigation of Ohio's Retail Electric) Case No. 12-3151-EL-COI
Service Market.)

REPLY COMMENTS OF DUKE ENERGY OHIO, INC.

I. Introduction

Now comes Duke Energy Ohio, Inc., (Duke Energy Ohio) and submits reply comments in response to the Public Utilities Commission of Ohio (Commission) Entry, issued on December 12, 2012, inviting comments regarding the vitality of the competitive retail electric service markets supported by the legislative mandates set forth in Amended Substitute Senate Bill 221 (SB221).

II. Jurisdiction and Procedure

At the initiation of this proceeding, in establishing the basis for the Commission's inquiry the Staff created areas of study and inquiry and created topics and committees to facilitate the discussion. During these discussions, various stakeholders commented that the ideas under consideration would entail significant costs. In initial comments filed on February 6, 2014, many of the participating stakeholders correctly raise this concern anew. Although the Commission may ultimately deem some of the initiatives raised in these discussions as suitable actions to enhance retail competition, it remains to be determined whether such goals are feasible

given the costs that may be incurred in pursuing them. It is paramount that the matters under consideration, such as bill format changes, bill standardization, customer enrollment policies, etc. must first be determined to be worthy of the costs they will create and who should be responsible for these costs. It will not be possible to determine what is in the best interest of customers unless such matters are taken up in appropriate case proceedings, where there is appropriate due process including testimony, discovery and an opportunity for hearing.

Duke Energy Ohio generally concurs with comments submitted by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively Companies), wherein the Companies reiterate, *inter alia*, that any order stemming from this proceeding must be based on evidence of record and must set forth the reasoning relied upon by the Commission in reaching its conclusions. And further, any Commission order requiring an electric distribution utility to make changes that will incur costs without a means for recovery would be contrary to law. None of the changes discussed in this proceeding were contemplated in Duke Energy Ohio's base rate proceedings and thus, costs incurred as a result of making such changes to systems or programs are not reflected in rates. An order that Duke Energy Ohio's shareholders simply accept responsibility for such costs would be contrary to law.

III. Corporate Separation

Duke Energy Ohio concurs with other stakeholders who have commented that the Staff's recommendations with respect to monitoring compliance with corporate separations rules are duplicative or overlap with existing regulatory requirements, are unnecessary and would be more costly for Ohio customers.

After promulgating the rules contained in Chapter 4901:1-37, Ohio Administrative Code, (O.A.C.), the Commission directed each electric utility to file an application for approval of a corporate separation plan as outlined in those rules. Duke Energy Ohio filed a corporate separation plan in June of 2009. The Commission retained an auditor to assist the Commission in evaluating Duke Energy Ohio's plan and compliance with the rules. Subsequent to the audit, the Commission determined that Duke Energy Ohio's corporate separation plan was in compliance and was approved.¹ That plan was amended and approved in Duke Energy Ohio's second application for an electric security plan to include full legal corporate separation as set forth in the stipulation and recommendation that was submitted in those proceedings and approved by the Commission.²

As related to Duke Energy Ohio, the above-noted proceedings provided the Commission and any interested parties an opportunity to review, analyze and comment on the Company's corporate separation. It is curious that the Staff now wishes to alter or somehow complicate the process that is already in place and that no one claims to be problematic. The existing law and regulation is more than sufficient to protect competitors and customers. No changes in this area are necessary or advisable.

IV. Billing Disclosure

Interstate Gas Supply, Inc., (IGS) argues that electric distribution utilities should be required to inform standard service offer customers (SSO customers) how much they could save

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of the Second Amended Corporate Separation Plan Under Section 4928.17, Revised Code, and Chapter 4901:1-37, Ohio Administrative Code, Case No. 09-495-EL-UNC, Opinion and Order, April 5, 2011.*

² *In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service, Case No. 11-3549-EL-SSO, et al, Stipulation and Recommendation, October 25, 2011.*

if they switched to a CRES provider. IGS claims this is reasonable even after recognizing that “price comparisons on the bill are often misleading and confusing to customers as they do not take into consideration, product differences (*e.g.*, fixed rate, variable rates, renewable products, bundled products, etc.) or past or future prices.” IGS further recognized that “[a]s CRES product offerings become more diverse, and pricing becomes more dynamic, the SSO price comparison will become even less relevant and have greater potential to mislead.”

Despite IGS’ explicit recognition of the folly in trying to provide such information to customers, IGS seeks to complicate this even further by advising the customer not only what the momentary price-to-compare might be, but by also providing the customer who is not shopping with a number that purports to represent what the customer might save if shopping. This is simply not possible and with respect to either case, is unwise and misleading. For customers that are not presently shopping, the consideration of whether to shop may include options such as a green energy option where the price might be higher, rather than lower, and therefore not a savings. The number of possible options available to customers for shopping is effectively boundless as there are nearly fifty CRES providers in Duke Energy Ohio’s territory offering numerous ‘standard’ offers and an indeterminate number of tailored offers to customers. Consequently, this proposal is not only imprudent but, arguably, impossible to implement.

V. Conclusion

Duke Energy Ohio appreciates this opportunity to provide Reply Comments to the Commission regarding enhancements to the retail electric service market. Duke Energy Ohio respectfully requests that the Commission consider the comments made above and adopt the above recommendations in a final order.

Respectfully submitted,



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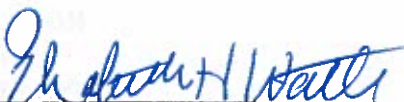
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CERTIFICATE OF SERVICE

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 20th day of February, 2014, to the parties listed below.


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